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HIGHLIGHTS OF INDIA'S UNION BUDGET
2020-21

Foreword

The Hon'ble Finance Minister while presenting the Budget 2020 started on a high by stating that the need of the hour was to boost income, enhance purchasing power and stimulate growth through increased employment and facilitating businesses. The Budget was woven around three prominent themes which would facilitate ease of living – aspirational India, economic development and caring society.

Tax related amendments paved into her speech almost two hours from the start, however the fine print brought with it quite a few significant amendments. The first significant change is in respect of taxation of individuals wherein it has been proposed that a citizen of India would be regarded as resident in India if he is not liable to tax in a foreign country by reason of his domicile, residence, etc. This will considerably broaden the ambit of overseas Indians who could now be liable to tax in India. This could also result in unintended consequences such as a person residing overseas for several years suddenly becoming liable to tax in India on global income.

A choice is also proposed to be given to individuals and HUFs to opt for reduced tax rates, like domestic companies, if one foregoes all deductions, exemptions and concessions. The thrust, of course, would shift from savings to spending but the benefit will vary from case to case depending on income levels of an individual.

The other major amendment, which was on expected lines, is the abolition of DDT. The 20% DDT payable by the Company declaring dividends is now proposed to be substituted by a tax payable by the recipient shareholder at the applicable tax rates. In light of the new provisions, one would need to evaluate their group and family holding structures. Foreign companies receiving dividend from domestic companies could pay taxes at rates prescribed in applicable tax treaties subject to demonstration of beneficial ownership and applicability of GAAR/LOB and PPT under MLI.

The proposed Dispute Resolution Scheme was another interesting aspect of the Finance Bill. While the exact contours are yet to be released, but the scheme will essentially allow a taxpayer who is in appeals on tax disputes to settle the dispute by March 31, 2020 by paying the principal amount of tax without interest or penalty. Depending on the structure, the scheme could meet with reasonable success.

The proposed requirement of deducting tax at source by e-commerce operators on payments made to e-commerce participants for sale of goods or provision of service facilitated by it through its digital or electronic facility or platform will also have far reaching impact.

Overall, the changes proposed by the Finance Bill are very significant as they expand the base of taxation, provide for an optional new regime for taxation of individuals and enable resolution of long outstanding disputes.

The highlights of the key policy announcements and tax proposals in the Budget are set out in the ensuing pages. I hope you will find this useful.

As always, I look forward to your comments and feedback.

Dinesh Kanabar
CEO

Key Policy Announcements

NBFC

- Benefit of debt recovery under SARFAESI Act now proposed to be made available to NBFCs with:
  - Asset size of INR 1000 million (reduced from INR 5000 million)
  - Loan size of INR 5 million (reduced from INR 10 million)
- NBFCs to be allowed to extend invoice financing to MSMEs to enhance MSMEs' economic and financial stability

Banking Sector

- Deposit Insurance Coverage increased from INR 1,00,000 to INR 5,00,000
- Government of India to sell the balance stake in IDBI Bank through stock exchange
- PSU Banks to raise further capital via the primary market route

FPI

- Limit for FPI investment in corporate bonds to be increased from 9% to 15% of the outstanding stock of corporate bonds

IFSC

- International Bullion exchange to be set up in GIFT IFSC

Other announcements

- Specified categories of government securities to be permissible for non-resident investors
- New debt exchange traded funds proposed for government securities
- National Logistics Policy proposed to be launched to create a single window e-logistics market and employment generation
- National Mission on quantum technologies and applications with an outlay of INR 80 billion proposed
- Niryat Rin Vikas Yojna Scheme for higher export credit disbursement launched
- Government to divest its holdings in Life Insurance Corporation by way of IPO
- Proposal to permit ECB and FDI in education sector
- National Technical Textiles Mission to be set up with a 4-year implementation period
- To launch a scheme for reversion of electricity duties and VAT on fuel used on transportation of exported products
- Legislations to be amended to address the issue of criminal liability for civil offences

Direct Tax Proposals (slated to be effective from AY 2021-22 unless otherwise stated)

Tax Rates[1]

Personal tax

- Option provided to individuals, HUFs for taxation under the New Regime

Income (INR)	Existing Rates			New Regime
	Age less than 60 years	Age 60 years or more but less than 80 years	Age 80 years or more	
Up to 250,000	Nil	Nil	Nil	Nil
250,001 – 300,000	5%	Nil	Nil	5%
300,001 – 500,000	5%	5%	Nil	5%
500,001 – 750,000	20%	20%	20%	10%
750,001 – 1,000,000	20%	20%	20%	15%
1,000,001 – 1,250,000	30%	30%	30%	20%
1,250,001 – 1,500,000	30%	30%	30%	25%
Above 1,500,000	30%	30%	30%	30%

- No change proposed in rebates, surcharge and cess
- Key conditions to be satisfied to opt for taxation under the New Regime:
  - No exemptions or deductions to be allowed such as leave travel concession, house rent allowance, standard deduction, interest on housing loan (for self-occupied property or vacant property), deduction under Chapter VI-A (eg. insurance, PPF payments, mediclaim premiums, donations, etc) except contribution to National Pension Scheme, deduction under section 80JJAA for new employees and deduction under section 80LA in respect of IFSC unit
  - Brought forward loss or unabsorbed depreciation pertaining to above deductions, would not be available for set off

[1] All rates are exclusive of surcharge and cess

- Loss under the head house property would not be allowed for set off against any other head of income
- No exemption or deduction to be claimed for any other allowances or perquisites

- The option to be governed under the New Regime to be exercised by the taxpayer as follows:
  - In case of individuals, HUFs having no business income, option to be exercised annually while filing return of income
  - In case of individuals, HUFs having business income, option to be exercised while filing return of income. The option once exercised shall apply to subsequent years. Withdrawal from this option is permitted only once
  - In case any of the conditions specified under the New Regime is not satisfied by the taxpayer, such taxpayer to be liable to tax as per the existing provisions
  - Provisions relating to AMT not to be applicable to taxpayers under the New Regime

Perquisite taxation

- Employers' contribution to NPS, RPF and ASF in excess of INR 750,000 in aggregate to be taxable as perquisite
- Annual accretion of interest, dividend or any other similar amounts to be taxable as perquisite to the extent it relates to the above taxable contribution

Tax residency of individuals, HUFs

- An Indian citizen or PIO, who is outside India, to be considered as a resident in India, inter-alia, if his period of stay while on a visit to India is 120 days or more during the said FY (vis-à-vis 182 days or more as per existing provisions)
- An Indian citizen deemed to be a resident in India, if such individual is not liable to tax in any other country or territory by reason of his domicile, residence or similar criteria
- Individual or HUF to be considered as "not ordinarily resident", if such individual or manager of such HUF is a non-resident in India for 7 out of 10 preceding years (vis-a-vis 9 out of 10 preceding years as per existing provisions). Alternate condition of stay in India upto 729 days in preceding 7 years has been deleted

Tax on dividends

- DDT payable by a domestic company on any amount declared, distributed or paid by way of dividends, is abolished with effect from April 1, 2020
- Dividend income received from domestic company shall be taxable in the hands of shareholders at normal applicable tax rates
  - Current regime of taxing dividends, in excess of INR 1 million at 10% in the hands of specified resident shareholders, is abolished with effect from April 1, 2020
  - Individual resident shareholders to pay tax as per the applicable slabs on the dividends received

- Domestic companies, LLPs, Trusts, etc. to pay tax on dividends received as per the tax rate applicable to such entities
  - However, if the recipient domestic company distributes dividend to another domestic company on or before 1 month prior to the due date of furnishing the return of income, then such original recipient will get deduction to the extent of dividend so distributed
  - Only interest expense allowed as a deduction upto 20% of the dividend income
  - No set off is available for dividend received from foreign companies

- Foreign shareholders to pay tax at 20% under the Act (subject to availability of treaty benefits). No interest deduction available
- Domestic company making any payment of dividend (including dividend on preference shares), in any mode, to any Indian resident, to deduct tax at 10%
  - No such tax required to be deducted in case the dividend is paid by any mode other than cash and such dividend does not exceed INR 5,000

International Tax

Taxability on basis of significant economic presence

- In light of the ongoing discussions as part of OECD BEPS project, the existing provisions relating to SEP are proposed to be deferred and will now apply from AY 2022-23 and onwards

Widening of source rule (slated to be effective from AY 2022-23)

- The source rule has been widened to include the following as income attributable to operations carried out in India:
  - Income from advertisement which targets a customer who resides in India or a customer who accesses the advertisement through IP address located in India
  - Income from sale of data collected from a person who resides in India or from a person who uses IP address located in India
  - Income from sale of goods or services using data collected from a person who resides in India or from a person who uses IP address located in India

Amendment in definition of royalty

- Exclusion for Consideration from sale, distribution, exhibition of cinematographic films from definition of royalty stands omitted

Tax treaty related measures

- Provisions of section 90 and section 90A to be amended to align with the preamble of MLI i.e. tax treaties may be entered into by the Government without creating any opportunities for non-taxation or reduced taxation (including through treaty shopping, tax evasion or avoidance which indirectly benefits residents of any other country)

Exemption from filing of tax return by non-residents

- Scope of exemption from filing of tax return by non-residents extended to income comprising of royalty and / or fees for technical services, if appropriate taxes have been withheld on such income under the Act by the payer

Taxation of non-residents

- CBDT to be empowered to make rules for determining the income of a non-resident with respect to its India operations and to determine income for transaction or activities of a non-resident

Amendments with respect to Financial Services sector

Tax exemptions for ADIA and Sovereign Wealth Funds

- Tax exemption proposed in respect of dividend, interest and long-term capital gains earned by (a) wholly owned subsidiary of ADIA and (b) sovereign wealth funds (satisfying prescribed criteria) from its investments in India subject to fulfillment of certain conditions such as:
  - Investment to be made on or before March 31, 2024 in entities engaged in specified infrastructure facilities and other businesses (to be notified); and
  - Investment to be held for at least 3 years

Relaxation in conditions for special taxation regime for offshore funds

- Presently, the activities of specified offshore investments funds managed by fund managers based in India do not constitute a taxable presence in India if certain conditions are satisfied. These conditions are proposed to be relaxed as under:
  - Present cap of 5% on resident participants in offshore fund not to include contribution by fund manager upto INR 250 million during first 3 years;
  - The minimum corpus requirement of INR 1 billion to be met by the end of 12 months from the last day of the month in which it is established or incorporated

Business Trusts

- Tax-pass through status proposed for unlisted private business trust by doing away with the mandatory listing requirement
- Dividend income earned by business trust to be taxable in the hands of unit holders on pass-through basis
  - Business trust to withhold taxes at 10% on distribution of income which are in the nature of dividends

Taxability of income from Mutual Funds

- Income distributed by Mutual Fund to be taxable in the hands of the unit holders at applicable tax rates
- Beneficial tax rate of 5% for non-residents on income distributed by infrastructure debt funds no longer available

Segregated portfolio units of Mutual Fund

- Cost of acquisition of mutual fund units segregated in accordance with SEBI regulations to be determined basis respective net asset value to the total portfolio value
  - Period of holding for mutual fund units of segregated portfolio to include period of holding of original mutual fund units

Amalgamation of banks and insurance companies

- Benefit of carry forward and set off of accumulated loss and unabsorbed depreciation to be extended to amalgamation of:
  - one or more government companies engaged in the general insurance business
  - one or more corresponding new bank(s)

FPI

- Exemption from indirect transfer provisions now available only to investment in Category-I FPIs registered under SEBI (FPI) Regulations, 2019
- Dividend income to be taxable in the hands of FPIs at 20%
- Concessional WHT rate of 5% introduced for interest payable on or after April 1, 2020 but upto June 30, 2023 on investments by FPIs in Municipal debt securities
- Period for concessional WHT rate of 5% on interest payable on investments made by FPIs in rupee denominated bonds of Indian companies or government securities to be extended upto June 30, 2023

IFSC

- Concessional WHT rate of 4% introduced on interest payment by specified company or business trust on long-term bond or rupee denominated bond listed exclusively on recognised stock exchange located in IFSC

Withholding Tax

- Benefit of the concessional WHT rate of 5% extended to interest payment on specified borrowings upto June 30, 2023 by specified company or business trust

Tax incentives - Start-ups

Rationalisation of tax holiday

- The turnover threshold for claiming tax holiday increased from INR 250 million to INR 1,000 million
- The time limit within which the 3 year tax holiday can be claimed is increased from 7 years to 10 years

Tax on ESOPs

- Payment of tax / withholding of tax on ESOPs/ sweat equity to employees of eligible startups deferred from date of exercise to the earliest of the following -
  - Expiry of 48 months from the end of AY in which the ESOPs/ sweat equity were allotted
  - Sale of said shares/ securities by the employee
  - Cessation of employment in such a start-up
- The perquisite income from ESOPs/ sweat equity will continue to be taxable at the tax rates applicable in the year of allotment of shares/ securities

Tax incentives – Others

Concessional corporate tax regime

- The benefit of the concessional corporate tax rate of 15% extended to newly set-up domestic companies engaged in the business of generation of electricity. Such companies must commence the generation of electricity by March 31, 2023
- No deduction in respect of any donations to charitable institutions or political parties shall be allowed under the concessional corporate tax regime

Incentives for Real Estate Sector

- Safe harbour limit for sale / receipt of immovable property increased from 5% to 10%
- The time-limit for approval of affordable housing project for availing tax holiday by the developers and builders extended to March 31, 2021
- Similarly, the time-limit for availment of loan by eligible home buyer for claiming interest deduction to be extended to March 31, 2021

Provisions for deduction of scientific expenditure

- Deduction of any sum paid to an eligible company not to be denied merely on the ground that subsequent to payment, the approval granted to such company has been withdrawn
- Intimation to be given by eligible institutions within 3 months from June 1, 2020 – pursuant to which the notification shall be valid for a period of 5 consecutive assessment years

Deduction in respect of capital expenditure on specified business

- Deduction of 100% of capital expenditure (other than land, goodwill and financial assets) for specified business to be optional
- It has been clarified that the companies opting for concessional tax regime (and thus not claiming deduction under section 35AD) shall be entitled to claim normal depreciation

Capital Gains

- FMV where considered as cost of acquisition of a capital asset (being land and/ or building which became property of the taxpayer before April 1, 2001) to not exceed stamp duty value as on April 1, 2001

Transfer Pricing

Certainty to a non-resident for attribution of income from a business connection in India (slated to be applicable from AY 2020-21)

- Non-resident earning income through a business connection in India eligible to apply for the safe harbour provisions and APA

Limitation of interest deduction

- The provisions relating to limitation of interest deduction not to apply where interest is paid to a PE in India of a non-resident which is engaged in banking business

Due date for filing Accountant's Report

- Due date for filing Form 3CEB and maintaining transfer pricing documentation to be advanced by 1 month prior to the due date for furnishing the return of income i.e. October 31 instead of November 30 (effective from April 1, 2020)

Charitable Trusts and Institutions

Rationalisation of process for registration / approval

- With a view to make the process of registration electronic and simple, new procedure for tax exemption introduced from June 1, 2020. Application to be made within specified time for respective cases
- Application for renewal of registration to be made within the prescribed time limit
- All registrations (renewal and new) to be limited to a period of 5 years (hitherto granted for perpetuity)
- New charitable institutions which are yet to commence their charitable activities to be granted a provisional registration valid for 3 years
- All other existing provisions for cancellation of registration incorporated in the new procedure

Exemption to approved authorities, trusts, etc.

- As per existing provisions, a taxpayer who was denied exemption under section 11 could opt for beneficial provisions of section 10(23C) i.e. approved funds / institutions. This benefit is now extended to Government approved authorities, trusts etc under section 10(46).
- Taxpayer to now claim exemption either under section 10(23C) / 10(46) or under section 11.
- Once taxpayer opts for section 10(23C) / 10(46), registration under section 12AA / 12AB to become inoperative and vice-versa.
- New registration procedure (similar to charitable trusts) introduced.

Deduction under section 80G

- Donee to furnish prescribed statements to tax authorities and also to provide the donor a certificate regarding the donation received
- Fee for default in furnishing the statement / certificate to be INR 200 per day

Tax compliance and disputes

Return of income

- Due date of filing of return of income in case of specified taxpayers to be October 31 (instead of September 30)
- Persons other than a Director to be prescribed for signing of tax return of a company in absence of a Managing Director

- Persons other than a Partner to be prescribed for signing of tax return of a LLP in absence of a Designated Partner

Taxpayers Charter

- Taxpayers Charter (enumerating their rights) to be enshrined in the Act

Annual Information Statement (slated to be effective from June 1, 2020)

- Form 26AS to be replaced with a comprehensive Annual Information Statement (including share transactions, property transactions, etc) which will be uploaded by the tax authorities (in a prescribed form) in the designated e-filing portal of the taxpayer

Tax Audit

- Changes in Due Date:
  - Tax Audit Report to be filed 1 month prior to the due date applicable for filing the return of income
  - Accordingly, the due dates for filing the Tax Audit Report to be 30 September (31 October in cases where Transfer Pricing provisions are applicable)
  - Corresponding changes have been proposed in various sections which require filing of mandatory certificates / reports in order to align the aforesaid timeline
- The threshold of tax audit applicability to be increased to INR 50 million (from earlier INR 10 million) in cases where receipts and payments in cash during the previous year does not exceed 5% respectively

Electronic proceedings

- Existing scheme of faceless assessment proceedings proposed to be extended to penalty / CIT(A) proceedings and best judgement assessments

DRP provisions

- The right to approach the DRP to be available to all non-residents (hitherto available only to a foreign company)
- An eligible taxpayer can now file objections with DRP for any variations carried out by the AO (slated to be effective for orders passed on or after April 1, 2020)

Stay by the ITAT

- ITAT may grant stay of demand provided the taxpayer deposits atleast 20% of the amount of tax (including interest, fee, penalty, any other sum payable under the provisions of the Act) or provides security of an equal amount
- No extension of stay shall be granted by ITAT if the appeal is not disposed within the period of stay unless the taxpayer deposits atleast 20% of the amount or provide security of an equal amount
- Extension of stay not possible beyond 365 days

Vivad Se Vishwas – New Dispute Resolution Scheme

- Scheme to be announced for dispute resolution and to be applicable in case of all appeals pending at any level

Withholding Tax

E-commerce Transaction

- E-commerce operator to withhold tax on amount paid or credited to e-commerce participant
  - E-commerce operator defined as person providing digital or electronic facility or platform for e-commerce and responsible for paying to e-commerce participant
  - E-commerce participant defined as person resident in India selling goods or providing services or both through digital or electronic facility or platform
- WHT applicable at 1% (5% where no PAN is furnished) of gross amount of sales or services or both
- No WHT obligation, if:
  - E-commerce participant is individual or HUF;
  - Gross sales or services through e-commerce operator does not exceed INR 500,000; and
  - PAN or Aadhaar is furnished by e-commerce participant
- No other WHT obligation on aforesaid transactions
- WHT obligation to continue to apply on payments made to e-commerce operator for hosting advertisements or providing unrelated services

Other key changes

- WHT at 10% on dividend paid or distributed / credited by domestic company / Mutual Fund to resident shareholders / unit holders; not applicable if dividend does not exceed INR 5,000 during a FY
- WHT at 20% introduced under section 196A on income of non-residents from a Mutual Fund
- WHT rate reduced to 2% for fees for technical services (other than professional services)
- WHT under section 194C extended to contract manufacturing arrangement where material is purchased from associate of the customer
- WHT provisions applicable to individual or HUFs whose total sales, turnover or gross receipts from business / profession exceeds INR 10 million / INR 5 million respectively (even though not subject to tax audit)
- Large co-operative society brought within the ambit of WHT on payment of interest under section 194A, if its total sales, gross receipts or turnover exceeds INR 500 million and interest payment to a payee during a FY exceeds INR 40,000 (INR 50,000, in case of senior citizen)

Tax Collection at Source (slated to be effective from April 1, 2020)

- The provisions pertaining to collection of tax at source are proposed to be widened as under:

Person obligated to collect tax	Transaction	Rate of TCS
a) **Authorised Dealers (AD Bankers)**	Remittance under Liberalised Remittance Scheme exceeding INR 700,000 in a financial year	5% (10% for non-PAN / non Aadhar cases)
b) **Seller of an overseas tour program package**	Sale of overseas tour package	
c) **Seller of goods (whose gross receipts / turnover exceed INR 100 million in a financial year)**	Sale of goods exceeding INR 5 million in a financial year	0.1% (1% for non-PAN / non Aadhar cases)

- The aforesaid provisions are not applicable in a case where the remitter/buyer has deducted WHT under any provisions of the Act

Penalty provisions

Penalty for fake invoice (slated to be effective from April 1, 2020)

- If it is found that a 'false entry' is made in books of accounts or there is an omission of any entry which is relevant in computation of total income, the AO has a power to levy penalty equal to the aggregate amount of such false or omitted entry
- False entry includes use of forged or falsified documents, bogus invoices, or invoice from a person who does not exist
- Penalty also leviable on the person who directs the taxpayer to make false entries or omissions

Indirect Tax Proposals

GST – Key legislative changes

- Retrospective amendments effective from July 1, 2017 proposed in the transitional provisions, which validate the rules to prescribe time-limits on the filing of Form Tran-1
- The Government's power to issue general or special orders for the removal of difficulties in giving effect to the provisions of the GST laws is proposed to be extended until June 30, 2022
- For specific transactions, provisions inserted to impose an equivalent penalty on any person who retains the benefit of such transactions and at whose instance such transactions are conducted
- Amendments proposed to empower the Commissioner and Additional Commissioner to extend the period of time within which a person can apply for revocation of registration cancellation
- Amendments have been made to delink the date of issuance of debit note from the date of issuance of the underlying invoice for the purpose of availment of input tax credit

Customs – Key legislative changes

Customs Act, 1962

- Greater onus placed on the importers claiming preferential duty benefits under a Trade Agreement:
  - Customs Act has introduced provisions to place greater onus on importers in order to ensure that the imported goods satisfy the Rules of Origin criterion and deserving of preferential rate. This includes possessing sufficient information concerning origin and content value, and by providing this data to the authorities as and when directed
  - Authorities to have greater powers, with the provisions providing for temporary suspension of the preferential treatment given to goods pending verification, or even disallowance of the claim on the basis of information furnished by the importer, without further verification, for reasons to be recorded in writing
  - The relevant authority may reject preferential tariff treatment given to the imports of identical goods from the same producer or exporter where verification establishes non-compliance (unless sufficient information is furnished to show that the identical goods meet the CoO requirements)
  - Certain specific situations have been incorporated whereby the preferential treatment can be refused without any verification, for example where the item is not eligible or where any alteration in the CoO has not been authenticated by the issuing authority, etc
  - Confiscation and penalty provisions amended to introduce consequential provisions for non-compliance under the new provisions
- Issuance of duty credit in lieu of remission of duty / taxes chargeable on inputs used for exported goods and other financial benefits given by the Government, is to be maintained in the form of an electronic credit ledger. This credit can be used to make duty payments

Customs Tariff Act, 1975

- In addition to imposing safeguard duty, the Central Government is to be empowered to impose a Tariff-Rate Quota or any other safeguard measures on such goods imported into India that could cause or threaten to cause serious injury to the domestic industry
- The First Schedule of the Tariff is being amended to create new tariff lines for certain items like solar cells that are assembled in modules or made up in panels as well as those that are not assembled etc., and to amend the scheduled rates
- Amendments in various rules to amend / introduce anti-circumvention provisions

Tariff Rate

To promote 'Make in India', Customs duty rates have been rejigged, and various exemptions revisited

Health Cess

- Health Cess be a duty of Customs at the rate of 5% ad valorem is to be levied on the value of all imported medical equipments / devices falling under headings 9018 to 9022 of the First Schedule in order to finance health infrastructure and services
- Health Cess is being exempted on specified goods which are exempt from BCD, including those imported under FTA notifications with Singapore, Korea, ASEAN countries, Malaysia, and Japan

Social Welfare Surcharge

- Social Welfare Surcharge is exempted on certain goods such as cheese, marble blocks / tiles, commercial vehicles (including electrical vehicles) if such goods are imported in Completely Built Units, etc
- Social Welfare Surcharge exemption is withdrawn in the case of certain goods covered under Chapter 84 and Chapter 85 such as ATMs and information technology software, etc

Glossary of Terms

Abbreviation	Meaning
ADIA	Abu Dhabhi Investment Authority
AO	Assessing Officer
APA	Advance pricing agreement
AY	Assessment Year
AMT	Alternate Minimum Tax
ASF	Approved Super-annuation Fund
BCD	Basic Customs Duty
BEPS	Base Erosion and Profit Shifting
CBDT	Central Board of Direct Taxes
CIT(A)	Commissioner of Income-tax (Appeals)
CoO	Certificate of origin
DDT	Dividend Distribution Tax
Debt ETF	Debt Exchange Traded Fund
DRP	Dispute Resolution Panel
DTAA or Tax Treaty	Double Taxation Avoidance Agreement
ECB	External Commercial Borrowings
ESOPs	Employee stock option scheme
FDI	Foreign Direct Investment
FMV	Fair Market Value
FY	Financial Year
FPI	Foreign Portfolio Investor
FTA	Free Trade Agreement
GAAR	General Anti Avoidance Rule
GIFT IFSC	Gujarat International Finance Tec-City International Finance Service Centres
GST	Goods & Services Tax
HUF	Hindu Undivided Family
IFSC	International Financial Service Centre
INR	Indian Rupee
InVITs	Infrastructure Investment Trusts
IP	Internet protocol
IPO	Initial Public Offering
ITAT	Income-tax Appellate Tribunal

Abbreviation	Meaning
LOB	Limitation of Benefits
LLP	Limited Liability Partnership
MLI	Multilateral Instrument
MSMEs	Micro, Small and Medium Enterprises
NBFC	Non-Banking Financial Institutions
New Regime	Proposed Section 115BAC in the Finance Bill, 2020
NPS	National Pension Scheme
OECD	Organization for Economic Co-operation and Development
PAN	Permanent Account Number
PE	Permanent Establishment
PIO	Person of Indian origin
PPF	Public Provident Fund
PPT	Principal Purpose Test
REITs	Real Estate Investment Trust
RPF	Recognised Provided Fund
SARFAESI	The Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002
SEBI	Securities and Exchange Board of India
TDS	Taxes Deducted at Source
VAT	Value Added Tax
WHT	Wihtholding tax

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