

Highlights of Finance Act, 2077

1. Any person who has not taken PAN, and who has taxable income in past but has not paid the tax on such income, can file income tax return for the FY 2074-75 and 2075-76 along with the tax payable by the end of Falgun, 2077. Penalties and interest on that shall be exempted. And the person doesn't have to submit the tax return, tax, penalties and interest for the earlier years.
2. A natural person with an annual turnover of up to Rs. 50 Lakh, who has taken PAN but not filed the Income Tax return for the FY 2073-74, 2074-75, and 2075-76, can file the return and pay the income tax along with 25% of the payable interest by the end of Falgun, 2077. The person shall not be required to file the return of earlier years and the payable tax, penalties and remaining interest shall be waived.
3. A natural person or an entity with an annual turnover exceeding Rs. 50 Lakh, who has taken PAN but not filed the Income Tax return for the FY 2073-74 or earlier years can file the return and pay the income tax along with 25% of the payable interest by the end of Falgun, 2077. The penalties and remaining interest shall be waived.
4. Any taxpayer registered with the Value Added Tax, who has not filed the VAT return till the end of Ashad, 2075, can file the returns along with payable tax and 50% of the interest payable on that by the end of Falgun, 2077. Penalties, additional fee and remaining interest shall be waived.
5. Special provision for tax rebate for the business affected by the pandemic of COVID-19:

| S.No. | Turnover or Income limit in FY 2076-77 | Rebate on Payable Income Tax for FY 2076-77 |
|-------|--|---|
| 1 | Turnover up to Rs. 20 Lakh or Income up to Rs. 2 Lakh | 75% of tax payable under sec. 4(4) of I. Tax Act, 2058 |
| 2 | Turnover between 20 Lakh and 50 Lakh | 50% of tax payable under sec. 4(4a) of I. Tax Act, 2058 |
| 3 | Annual turnover up to Rs. 1 Crore | 25% of tax payable under I. Tax Act, 2058 |
| 4 | Annual turnover exceeding Rs. 1 Crore for Hotel, Travel, Trekking, transport or Air Service business | 20% of tax payable under I. Tax Act, 2058 |

6. Contribution made to Corona Fund established by Local, State or Federal Government by any person during FY 2076-77 shall be eligible for deduction as expenses for calculation of Income Tax for the year.
7. Wages paid up to Rs.3000/- at a time during FY 2076-77 even to a person not having PAN, shall be eligible for deduction for calculation of income from business or investment irrespective of provision of Sec. 21(1)(d1) of Income Tax Act, 2058.

8. VAT

- a. Business of KABADI and PATRU mentioned in Sec. 10(2)(a) has been excluded for compulsory registration under VAT.
- b. Businesses of Hardware, Sanitary, Furniture, Fixture, Furnishing, Automobiles, Motor Parts, Electronics, Marble, Education Consultancy, Accounting and Auditing Services, Catering Service, Party palace business, Parking service, Dry Cleaners using Machinery, Restaurant with bar, Ice Cream industry, Color Lab, Boutique, Educational and Health institutes, and Uniform suppliers in NAGARPALIKA (Metropolitan) area are now removed from compulsory registration under VAT by deleting the word NAGARPALIKA from Sec.10(2)(b) of VAT Act.
- c. Legal Consultancy and Tailoring business with Suiting and Shirting are no more required for compulsory registration under VAT as these words have been removed from Sec. 10(2)(b) of VAT Act.
- d. VAT paid on purchase of raw material, ancillary raw material, packing material by Pharmaceutical Industry can be claimed for refund by it on four monthly basis as per new section 25(C)(2).
- e. Penalty under Sec. 29(1)(a) has been increased from Rs. Ten thousand to Rs. Twenty thousand per tax period for not registration under VAT as directed by the Officer or as required under Sec. 10 (1), 10(2), 10(a)(1), or 10(b)(1).
- f. Penalty equal to 50% of VAT amount can be levied for doing business without registering under VAT by the addition of new section 1d of Sec. 29.
- g. Departmental Review against the order by an officer can be sought after payment of Non disputed tax and 25% of Disputed Tax. Already excess paid amount can be adjusted for the required payment.

- h. VAT exemption under Schedule 1, Feed for Fish from heading 23.01 has been removed.
- i. Soya nuggets are added in Notes 1a of Group 1 for exempted items.
- j. Deep Cycle Lead Acid Battery used in electric vehicle produced by local industry has been removed from Schedule 2 of zero VAT schedule.

9. Excise Duty

| S. No. | Code | Item | Existing Rate | Revised Rate |
|--------|--------------------------|---|------------------|-------------------|
| 1. | 1601.00.00 | Sausage, etc. | 5% of Value | 10% of Value |
| 2. | 1602.10.00 to 1602.90.00 | Ready or Safe Meat | 5% of Value | 10% of Value |
| 3. | 1603.00.00 | Juice or concentrate of Meat, Fish, etc. | 5% of Value | 10% of Value |
| 4. | 1604.11.00 to 1604.32.00 | Ready Fish, Caviar of Fish, etc. | 5% of Value | 10% of Value |
| 5. | 16.05 | Ready and Safe Crustaceans, etc. | 5% of Value | 10% of Value |
| 6. | 2005.20.10 | Potato Chips | 10% of Value | Rs.17 per Kg. |
| 7. | 2101.11.00 to 21.30.00 | Concentrate of Coffee, Tea, Chicori | | 10% of Value |
| 8. | 2105.00.00 | Coco mixed or not mixed ice cream, etc | | 10% of Value |
| 9. | 2106.90.20 | Pan Masala without tobacco | Rs.610/- per Kg. | Rs.650/- per Kg. |
| 10. | 2207.20.90 | Denatured ethyl alcohol | | Rs. 65/per litre |
| 11. | 2403.99.10 | Tobacco, Khaini, Pan Masala with Nicotine, etc. | Rs.610/- per Kg. | Rs.650/- per Kg. |
| 12. | 2403.99.91 | Hukkah Flavour | | Rs.1000/- per Kg. |
| 13. | 3302.10.10 | Odoriferous substances | | 5% of Value |
| 14. | 3305.90.10 to 3305.90.90 | Oil, colour, cream, conditioner applied in hair | 5% of Value | 10% of Value |
| 15. | 3307.20.00 | Personal deodorant | 5% of Value | 10% of Value |
| 16. | 3307.49.00 | Room Freshener | 5% of Value | 10% of Value |
| 17. | 7217.10.00 to 7217.90.00 | Iron wire | NA | Rs.1650/PMT |
| 18. | 7312.10.00 to 7312.90.00 | Stranded wire | NA | Rs.1650/PMT |
| 19. | 84.43 | Printing Machine, Printer, Fax, Etc | 10% of Value | Removed |
| 20. | 8517.62.10 | Smart Watch | 5% of Value | 15% of Value |
| 21. | 8543.70.10 | Electric Cigarette | | 30% of Value |
| 22. | 8702.40.41/49 | | 60% of Value | 40% of Value |

| | | | | |
|------------|-------|-------------------------|--|--------------|
| 23. | 94.01 | Seat, etc. | | 10% of Value |
| 24. | 94.03 | Other Furniture | | 10% of Value |
| 25. | 94.06 | Pre-fabricated building | | 10% of Value |

10. Income Tax

1. TDS on transport service and rental of transport vehicles shall be 2.5% but it shall be 1.5% if person providing such service is registered with VAT.
2. Penalty of Sec. 120 shall be attracted for non-deduction of TDS.



Global Services Pvt. Ltd.