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India:
Parliament enacts Finance Act 2020 with amendments

Background

The 2020 budget, presented by India's finance minister on 1 February 2020, was passed by the Lok Sabha on 23 March 2020, with some amendments. Further, with presidential assent on 27 March 2020, the budget was enacted as Finance Act 2020. In the ensuing paragraphs, we have listed the key amendments from a personal tax perspective. Please also refer our earlier newsflash dated 6 February 2020 for the budget proposals on personal taxation.

What is the change?

Change in residency rules: In the budget presented in February 2020, the stay-in-India threshold for triggering tax residency for an Indian citizen or person of Indian origin (PIO) who is visiting India was reduced from 182 days to 120 days. Now this threshold has been further amended to apply only if an individual's total income exceeds INR 1.5 million, excluding foreign-sourced income.

Further, Indian citizens who are not liable for taxes in any other jurisdictions (by reason of their domicile or residence) and who have India-sourced total income exceeding INR 1.5 million shall be deemed residents of India.

As per the current provisions, a resident individual qualifies as a not ordinarily resident (NOR) in India in a tax year if he or she is a nonresident in 9 out of 10 of the preceding tax years or if he or she has stayed in India for up to 729 days in the preceding seven tax years. The Finance Bill 2020 had proposed to amend these dual conditions. However, these proposals have since been dropped.

Additionally, the following people will qualify as NOR, regardless of their past stays in India:

- Indian citizens and PIOs with total income exceeding INR 1.5 million, excluding foreign-sourced income, who stayed in India for 120 days or more but less than 182 days during the relevant India tax year
- Indian citizens with total income exceeding INR 1.5 million, excluding foreign-sourced income, who are not liable for taxes in any other jurisdictions

Simplified personal tax regime: In the budget presented in February 2020, taxpayers who meet certain conditions were given the option to select a simplified tax regime that offers lower tax rates.

Further, upon exercising the simplified tax regime option, individuals with business income will have to continue with the simplified tax regime for all subsequent years. The original proposal covered only individuals with business income but was silent on professional income. Now, upon exercising the simplified tax regime option, even individuals with professional income will have to continue with the new regime for all subsequent years. Similar to individuals with business income, professionals can withdraw from the simplified tax regime option and return to the old tax regime only once. Accordingly, professionals who enroll and then withdraw from the new simplified tax regime will become ineligible to use the new regime again in the future, unless they cease to earn professional income.

Deloitte's view

The residency provisions in the original budget proposal could have significant tax and reporting implications for Indian citizens and PIOs who reside abroad. Subsequently, it was clarified via a press release by lawmakers that the intention was not to bring Indian citizens who are bona fide workers in other countries into the India tax net. The aim was to plug any gaps that would help individuals evade paying taxes in India.

The Finance Act 2020 now supports the above intent. Specified categories of Indian citizens and PIOs shall qualify as NORs, regardless of their past stays in India. Accordingly, their business or professional work in India will be taxed in India.

The provisions of the Finance Act 2020 will be applicable from India tax year 2020 to 2021 (1 April 2020 to 31 March 2021).

— Anis Chakravarty (Mumbai)
Partner
Deloitte India
anchakravarty@deloitte.com

Israel:
ITA announcement 22 March 2020 to postpone mandatory dates for submission of 2019 Israel individual income tax returns

What is the change?

Effective immediately, the tax filing deadline for all individuals has been extended to 30 July 2020 for those that are obligated to submit online tax returns and to 30 June 2020 for those that are not obligated to submit online tax returns. Please note that the above are mandatory deadlines and further extensions may be authorized to Deloitte Israel clients. Additional extensions are granted on a rolling basis by the Israeli Tax Authorities (ITA).

Who will it impact: All individual taxpayers

When will it come in to effect: Effective immediately

Key Links & Documents *(currently available in Hebrew)*
URL: https://www.gov.il/he/departments/news/sa220320-1

Deloitte's view

Additional extensions may be granted to Deloitte Israel for the returns that the Firm prepares on a rolling basis with extensions historically granted until December 31 each year. The additional extension process is expected to remain the same.

— Gabi Waisman (Tel Aviv)
Partner
Deloitte Israel
gwaisman@deloitte.co.il

Frida Weissberg (Tel Aviv)
Director
Deloitte Israel
frweissberg@deloitte.co.il

Elad Raz (Tel Aviv)
Senior Manager
Deloitte Israel
eraz@deloitte.co.il

Baruch Naim (Tel Aviv)
Senior Manager
Deloitte Israel
bnaim@deloitte.co.il

Russia:
2019 tax return filing deadline for individual taxpayers

What is the change?

Earlier this month, numerous changes to the Russian tax code were introduced; namely, the Government of the Russian Federation was authorised to postpone the deadlines for filing tax returns, as well as the deadlines for making tax and social security payments.

As a result in line with the state program of anti-crisis measures during the novel coronavirus (COVID-19) outbreak, on 6 April the Government of the Russian Federation published the Resolution extending the initial filing deadline of 30 April for individuals by three months. Thus, individual taxpayers can file their 2019 personal income tax returns until 30 July 2020 with no charge of late-filing penalties. The official deadline for paying due taxes for 2019 Russian tax returns remains the same – 15 July 2020.

Deloitte's view

In most cases, there is no need for individuals to rush to file their 2019 tax return (*i.e.* by 30 April 2020). However, regardless of the three-month extension, it is highly recommended that individuals prepare their 2019 Russian tax returns before the new deadline – and definitely before 15 July 2020. Because the tax-payment deadline remains the same, the delay in settling tax after 15 July 2020 may result in tax authorities charging late-payment interest for each day of delay, with a cap of the tax due itself.

— Tatiana Kiseliova (Moscow)
Partner
Deloitte Russia
tkiseliova@deloitte.ru

Singapore:
Proactive Perspective – It's what's needed most

Greetings from your Tax & Legal team at Deloitte Singapore. We are pleased to update you on the following:

- Tax clearance returns and individual income tax return filing deadline

What is the change?

In line with the Singapore government's efforts to manage the spread of coronavirus (COVID-19), the Inland Revenue Authority of Singapore (IRAS) has announced that effective 7 April 2020, all face-to-face tax filing assistance and taxpayer counter services at the IRAS office will strictly by appointment only. Taxpayers should make an appointment at least two working days before visiting the IRAS office and are advised to raise inquiries digitally through the IRAS' live chat function, email, or phone.

The IRAS has extended the year of assessment 2020 (income year 2019) Singapore individual income tax-return filing deadline from 15 April (paper filing) and 18 April (e-filing) to 31 May 2020 without any penalty. This also applies to the income tax returns of sole-proprietors, partnerships, trusts, clubs, and associations.

For individuals who have authorized tax agents to assist with the tax filings, an extension of time until 30 June 2020 should generally be granted if the request for extension had been filed by 31 March 2020.

Separately, when a non-Singapore citizen employee is ceasing employment in Singapore, the employer is required to inform the IRAS in writing of the employee's cessation of employment or departure from Singapore, by submitting the tax clearance return (Form IR21) no later than one month before the cessation of employment or departure from Singapore. If the tax is wholly borne by the employer, the IRAS is willing to grant a two-month extension of time from the cessation date to file the Form IR21.

For the tax clearance returns that are originally due to be filed with the IRAS in April 2020, the IRAS has announced that the deadline is now extended for one additional month.

Deloitte's view

Regardless of the extensions, individual taxpayers and employers are encouraged to submit the individual tax returns and tax clearance returns respectively ahead of the filing deadline through the electronic system, by logging in to the IRAS portal.

Taxpayers who have not registered for a SingPass/IRAS unique account are encouraged to do so, so that they can file the electronic tax returns earlier.

Should you have any comments or questions arising from this newsletter, please contact either the listed names below, or any member of the Singapore Tax & Legal team.
URL: https://www2.deloitte.com/sg/en/pages/tax/articles/tax-legal-team.html?id=us:2sm:3na:gis:awa:tax:041720&sfid=7011O000001xmI8QAI

— Jill Lim (Singapore)
Leader
Deloitte Singapore
jilim@deloitte.com

Sabrina Sia (Singapore)
Leader
Deloitte Singapore
ssia@deloitte.com

Christina Karl (Singapore)
Partner
Deloitte Singapore
ckarl@deloitte.com

Dion Thai (Singapore)
Partner
Deloitte Singapore
dthai@deloitte.com

Michele Chao (Singapore)
Partner
Deloitte Singapore
micchao@deloitte.com

Legal Services

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Sabara Law LLC focuses on Singapore Law matters.

Rashed Idrees (Singapore)
Managing Director
Deloitte Legal International Pte. Ltd.
ridrees@deloittelegal.com.sg

Yeoh Lian Chuan (Singapore)
Managing Director
Sabara Law LLC
lcyeoh@sabaralaw.com.sg

United States:
Stimulus recovery rebates to individuals due to COVID-19

What is the change?

On March 27, 2020 President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act ("the Act" or "the CARES Act"). Among significant other provisions related to economic stimulus and employers, the Act included a provision for the payment of "recovery rebates" to individual taxpayers. This rebate shall be provided in the form of a tax credit to be applied on an individual's 2020 income tax return. The Internal Revenue Service ("IRS") will issue an advance payment to individuals for the anticipated amount of the credit, based on historical tax information. The Act instructs that these payments be made "as rapidly as possible."

The CARES Act includes other provisions that impact both individuals and businesses. For an overview of the other tax provisions included in the Act and the potential implications, please refer to *COVID-19 stimulus: A taxpayer guide*, a new publication from Deloitte Tax LLP.
URL: https://www2.deloitte.com/us/en/pages/tax/articles/covid-19-tax-policy-updates.html?id=us:2sm:3na:gis:awa:tax:041720&sfid=7011O000001xmI8QAI

Amount of the rebate: The maximum amount of the credit is $1,200, or $2,400 for taxpayers filing a joint income tax return. An additional credit of $500 per qualifying child will also be available.

Generally, a qualified child:

- Is the taxpayer’s son, daughter, stepchild, adopted child, foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them who was under age 17 at the end of the tax year, lived with the taxpayer for more than half of year;
- Did not provide over half of his or her own support for the year;
- Was a US citizen, US national, or US resident;
- Is claimed as a dependent on the taxpayer’s tax return; and
- Has a social security number (or other identification number) that is reported on the tax return.

The maximum credit will be paid to individuals with adjusted gross income (AGI) below the following thresholds:

- $150,000 for joint filers;
- $112,500 for individuals filing as head of household; and
- $75,000 for single filers.

The credit is reduced (but not below zero) by 5% of the amount of AGI in excess of the above thresholds. Thus, the credit is fully eliminated at the following thresholds:

- $198,000 for joint filers;
- $146,500 for individuals filing as head of household; and
- $99,000 for single filers.

It is anticipated that the phaseout thresholds will be based on the full amount of the credit, including the credit for qualifying children. Thus, the threshold at which the credit is fully eliminated would be higher for joint filers with qualifying child(ren).

Identification number and residency requirement: The credit is not available to nonresident alien individuals, or to individuals who do not have a US SSN (Social Security Number). Thus, individuals, including children, who have a US ITIN (individual taxpayer identification number) rather than an SSN will not be eligible for the credit.

Use of prior year tax information: The IRS will make the advance payments to individuals based on the adjusted gross income reported on the individual’s 2019 income tax return. If the 2019 income tax return has not yet been filed, the IRS will use information available from the 2018 income tax return.

Reconciliation with 2020 income tax return: When individuals file their 2020 income tax return, they will calculate the amount of the credit to which they are entitled based on 2020 tax year adjusted gross income. This amount will then be reduced, but not below zero, by the amount of the advance payment (if any) that the individual received during 2020. Thus, if an individual’s income from the 2018 or 2019 tax return qualifies them to receive a payment in 2020, but their 2020 income is above the thresholds, they are not required to repay the amount that was received.

Delivery of payments: The IRS is authorized to make payments electronically directly into any account which has been authorized on a tax return filed after January 1, 2018. Within 15 days of making such payment, the IRS will issue a letter to the taxpayer through the mail to confirm the amount paid and the method of the payment. This letter will be sent to the individual’s last known address.

Impact to global mobility programs

Social Security Number (SSN) vs. Individual Taxpayer Identification Number (ITIN): The requirement that recipients of the credit must have a US SSN is important to note. While most inbound taxpayers to the US will obtain an SSN as part of their work authorization, many of their spouses and children are not eligible for an SSN and are included on tax filings with an ITIN. Individuals who have an ITIN rather than an SSN will not be eligible for the tax credit.

Tax Equalization Policy Implications: Employees of companies who administer a tax equalization program may have received a 2019 Form W-2 with reported income higher than their pre-assignment income due to the inclusion of assignment benefits (*e.g.*, housing, cost of living adjustments, foreign tax payments). The income reported on an individual's tax return is the amount from this Form W-2, which may prevent some assignees from receiving the recovery rebate tax credit based on the inclusion of assignment compensation.

Deloitte's view

The advance payment of the credit will provide cash to certain taxpayers soon, rather than waiting until the filing of their 2020 income tax return in 2021. The use by the IRS of prior year tax filing information presents many questions for taxpayers. For example, some individuals will have income that exceeded the thresholds at which they would receive a payment in 2019 but will be below the thresholds if income decreases in 2020; these individuals will not receive a payment now and would instead receive a benefit when they file their 2020 income tax return.

There are also many open questions as to how to handle a change in address or bank account information. As of the release of this NewsFlash, the process for how the IRS will address these potential issues has not yet been addressed.

In most cases, there is no need for individuals to rush to file their 2019 tax return. As a reminder, IRS Notice 2020-18 extended the deadline for 2019 individual income tax returns to July 15, 2020. Taxpayers anticipating a refund of federal income tax should still consider filing their return sooner than the postponed deadline, as the IRS has indicated that they are processing returns and paying out refunds.

Employers who administer a tax equalization program should carefully consider the impact of the limitation thresholds on the ability of their assignees to qualify for this tax credit and determine how this will be handled on the 2020 income tax equalization calculations.

— Julie Rubidge (Detroit)
Partner
Deloitte Tax LLP
jrubidge@deloitte.com

Michael Loskove (Chicago)
Managing Director
Deloitte Tax LLP
mloskove@deloitte.com

Greg LaBorde (New Orleans)
Managing Director
Deloitte Tax LLP
glaborde@deloitte.com

Elizabeth Karcher (Milwaukee)
Senior Manager
Deloitte Tax LLP
ekarcher@deloitte.com

Vanessa Cesar (Miami)
Senior
Deloitte Tax LLP
vcesar@deloitte.com

Olivia Niles (Dallas)
Senior
Deloitte Tax LLP
olniles@deloitte.com

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