

# BUDGET ANALYSIS

## 2022-2023

One of the world's fastest growing economy of the world with highest GDP growth in the region

J P Chawla & Co. LLP

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Taxation | Audit | Outsourcing | Regulatory |  
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# FOREWARD

## Rajat Chawla

PARTNER AT J P CHAWLA & CO. LLP



Traversing through the stormy waves of the pandemic in 2020-21, the recovering Indian economy is now breezing through the emerging Omicron variant with the help of several proactive, preventive and mitigating measures taken by the Government and widespread vaccinations. The real Gross Domestic Product (GDP) is projected to grow at 9.2% in Financial Year (FY) 2022 as compared to contracting 7.3% in FY21 and GDP growth for FY23 is projected at 8-8.5%.

India's growth is supported by supply-side reforms and easing of regulations, vigorous export growth, and availability of fiscal space to increase capital spending sharply.

The gross tax revenue at this time has registered a growth of over 50 per cent in Year on Year terms. This performance is strong not only over the course of the previous year but also has exceeded when compared to the pre-pandemic levels of 2019-20. The gross monthly GST collections have crossed the ₹ 1 lakh crore mark consistently since July 2021. Despite all the interference caused by the global pandemic, India's balance of payments (bop) remained in surplus throughout the last two years. This allowed the Reserve Bank of India to keep accumulating foreign exchange reserves (they stood at US\$ 634 billion on 31st December 2021). As of the end of November 2021, India was the fourth-largest forex reserves holder in the world after China, Japan, and Switzerland.

In direct tax numerous changes to ease compliance and reducing litigation have been introduced, various tax exemptions have been withdrawn. Certain incentives have also been introduced, taxation of virtual digital assets such as bitcoin etc. have been introduced, Exemption of amount received for medical treatment and on account of death due to COVID-19, Startup eligibility extension etc. There are no changes in tax rates.

Further, in order to reduce direct tax litigation and to provide a procedure when an appeal by revenue is pending on an identical question of law, it is proposed to insert a new section 158AB in the Income tax Act, to provide that where the collegium is of the opinion that any question of law arising in the case of a tax payer for any assessment year ("relevant case") is identical with a question of law already raised in his case or in the case of any other tax payer for an assessment year, which is pending before the jurisdictional High Court or the Supreme Court in an appeal or in a special leave petition under the Constitution, against the order of the Appellate Tribunal or the jurisdictional High Court, as the case may be, in favor of such tax payer ("other case"), it may, decide and intimate the Commissioner or Principal Commissioner not to file any appeal, at this stage, to the Appellate

Tribunal or to the High Court against the order of the Commissioner (appeals) or the Appellate Tribunal, as the case may be.

Certain changes have been brought in Indirect tax, such as avilment of input tax credit strictly in accordance with automated GSTR-2B, an extension of time limit to avail input tax credit, make corrections, issue of credit notes till November of each FY from existing September, automatic cancellation of registration in case of non-compliance.

India has huge prospects, some of the exciting changes to expect in near future are

- The National Highways network will be expanded
- Defense R&D will be opened up for industry, startups and academia.
- For ease of doing business, the Centre for Processing Accelerated Corporate Exit (C-PACE) will be established to facilitate and speed up the voluntary winding-up of companies.
- Required spectrum auctions will be conducted in 2022 to facilitate the rollout of 5G mobile services within 2022-23 by private telecom providers.
- The Special Economic Zones Act will be replaced with new legislation that will enable the states to become partners in 'Development of Enterprise and Service Hubs'.
- To facilitate domestic manufacturing for the ambitious goal of 280 GW of installed solar capacity by 2030, an additional allocation of ` 19,500 crores for Production Linked Incentive for the manufacture of high-efficiency modules.
- World-class foreign universities and institutions will be allowed free from domestic regulations, to facilitate the availability of high-end human resources for financial services and technology.
- India is planning to Introduce Central Bank Digital Currency (CBDC) will give a big boost to a digital economy.

This proposed budget of 2022-23 has been released with a vision to lay the foundation and give a blueprint to steer the economy over the AmritKaal of the next 25 years – from India at 75 to India at 100. In line with the projections for strengthening of India's growth, inclusive development for all, and putting back India on growth path quickly post-Pandemic.

Please Note:

-This budget has been prepared as a knowledge document, does not constitute an advertisement of any manner and is for private circulation only.

-Contribution of J P Chawla & Co. LLP's team members: Mr. J.P. Chawla, Mrs. Richa Juneja Chawla, Mr. Ankit Vyas, Mr. Vipin Sharma and Mrs. Avantika Shukla for preparation of this comprehensive budget document is highly appreciated and acknowledged with thanks.

**Hope you enjoy reading our analysis of Budget 2022-23.**

**Happy reading!!**

**Rajat Chawla**

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# ECONOMIC OUTLOOK

## 9.2% GDP GROWTH

Fourth highest foreign exchange reserves of more than US\$ 634 billion



### Overview of the Economy

The emphasis of the Union Budget session in 2022 is on accelerating India's recovery from the epidemic. Traversing through the stormy waves of pandemic in 2020-21, the recovering Indian economy is now breezing through the emerging Omicron variant with the help of several proactive, preventive and mitigating measures taken by Government and widespread vaccinations. The real Gross Domestic Product (GDP) is projected to grow at 9.2% in Financial Year (FY) 2022 as compared to contracting 7.3% in FY21 and GDP growth for FY23 is seen at 8-8.5%. The economy is expected to rebound strongly in the coming months and it is even capable to surpass the pre-COVID levels unless the pandemic dampens the enthusiasm. Having said that, economy is all set to take on challenges in 2022-23, as per the Economic Survey. The Finance Minister's budget speech has announced supply-side reforms and policies impacting vulnerable sections of society & the business sector, employment creation, tackle inflation to help the economy prolong a sustained eight per cent plus growth rate.

### Economic growth

As per the first advance estimates of annual national income released by the National Statistical Office (NSO), real GDP is estimated to grow at 9.2% in Financial Year (FY) 2022 as compared to contracting 7.3% in FY21 and GDP growth for FY23 is seen at 8-8.5%. India's growth

is supported by extensive vaccine coverage, gains from supply-side reforms and easing of regulations, vigorous export growth, and availability of fiscal space to increase the capital spending sharply. The Economic Survey said that India's economy has recovered to pre-pandemic levels. Gross Value Added (GVA) of the country has registered a growth of 3.6 per cent in 2020-21 and 3.9 per cent in 2021-22. Agriculture and allied sectors indicates resilience of rural economic activity to the pandemic and the sector grew by 3.9 per cent in 2021-22 after growing 3.6 per cent in the previous year. Total Consumption is evaluated to have grown by 7.0 per cent in 2021-22 with significant contributions from government expenditure. Exports of both goods and services are exceptionally robust so far in 2021-22, but imports also recovered strongly.

### Prices

Consumer Price Index inflation reached 5.6 per cent YoY in December 2021 which is within the bounds of the targeted tolerance band. The Consumer Price Index inflation remained range-bound as food prices assuaged considerably because of the supply management response by the Government. Food inflation remained kind during the year at 2.9 per cent (April-December) as against 9.1 per cent in the corresponding period last year. Wholesale inflation based on Wholesale Price Index (WPI), after remaining very kind during the previous financial year on account of weakening of economic activity brought about by pandemic, record low global crude oil prices and weak



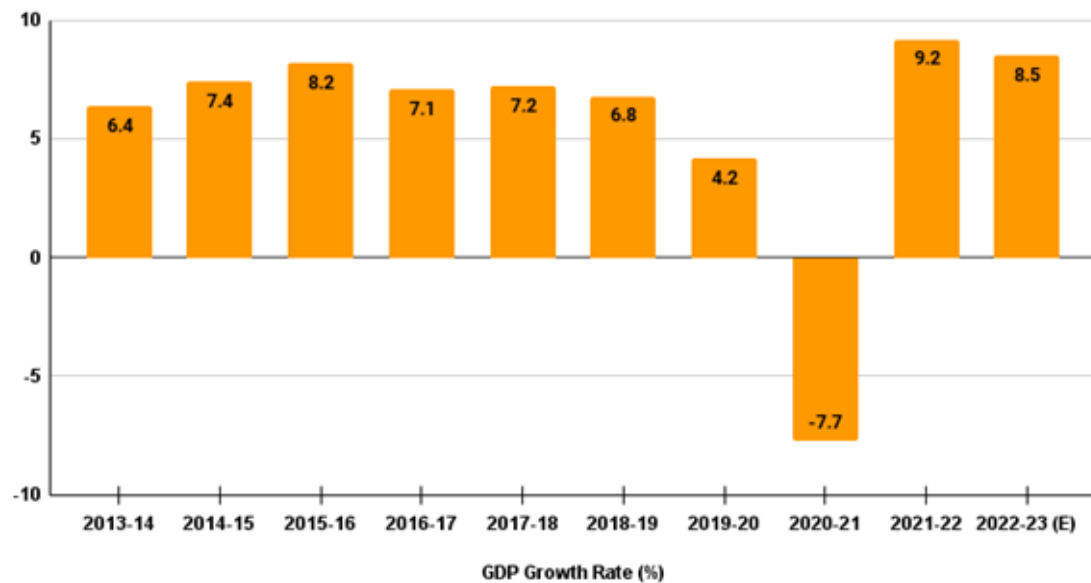
demand, witnessed a pointy uptick, rising to 12.5 per cent during 2021-22 (April-December). Wholesale price inflation, however, has reached a double-figure.

### Central Government Finances

With the bouncing back of the economy in the current financial year, the revenue receipts of the central government during April to November 2021 have gone up by 67.2 per cent (YoY), as against expected growth of 9.6 per cent in the 2021-22 Budget Estimates (over 2020-21 Provisional Actuals). The Fifteenth Finance Commission has recommended a total Post Devolution Revenue Deficit grant of ₹ 1.18 lakh crores to 17 States in the financial year 2021-22, of which an amount of

₹ 98,710 crore has already been revealed, as of 6th January 2022. The gross tax revenue at this time has registered a growth of over 50 per cent in YoY terms. This performance is strong not only over the course of the previous year but also when compared to the pre-pandemic levels of 2019-20. The gross monthly GST collections have crossed the ₹ 1 lakh crore mark consistently since July 2021, after quickly recovering from the plunge in June 2021 following the second wave of COVID-19.

### GDP Growth Rate (%)





## Monetary Management and Financial Intermediation

Monetary policy remained accommodative during 2020 and provision of adequate liquidity were put in place in order to provide a safety net to the system. The Monetary Policy Committee (MPC) maintained the status quo on the policy repo rate from April to December 2021. After several rate cuts in 2019-20 and 2020-21, the repo rate was maintained at 4 per cent in 2021-22 (lowest in the last decade) and the liquidity support was further enhanced. Reserve money recorded a year-on-year (YoY) growth of 13 per cent as of 7th January 2022, as compared to 14.3 per cent a year ago. Currency in Circulation (CIC) grew by 7.8 per cent as of 7th January 2022, lower as compared to the previous year. Reserve money and broad money supply growth in 2021-22 so far was lower than in the previous year. In 2021-22 so far, the YoY growth of broad money stood at 9.9 per cent as of 31st December, as compared to 12.5 per cent a year ago.

## External Sector

The merchandise exports recorded growth of 49.7 per cent to US\$ 301.4 billion, during 2021-22 (April-December), compared to the corresponding period of last year and 26.5 per cent over 2019-20 (April-December), exceeding the pre-pandemic levels. The merchandise imports grew at the rate of 68.9 per cent to US\$ 443.8 billion in April-December, 2021 over the corresponding period of last year and 21.9 per cent over April-December, 2019, crossing the pre-pandemic levels. The merchandise trade deficit stood at US\$ 142.4 billion in April-December, 2021 compared to a

deficit of US\$ 61.4 billion in the corresponding period of last year and US\$ 125.9 billion in April-December, 2019.

“Despite all the interference caused by the global pandemic, India’s balance of payments (bop) remained in surplus throughout the last two years. This allowed the Reserve Bank of India to keep accumulating foreign exchange reserves (they stood at US\$ 634 billion on 31st December 2021). This is parallel to 13.2 months of merchandise imports and is higher than the country’s external debt,” says Economic Survey. The current account deficit (CAD) was adequately cushioned by robust capital flows, resulting in an overall balance of payments (BoP) surplus of US\$ 63.1 billion in H1: FY 22. This led to an augmented foreign exchange reserve crossing the milestone of US\$ 600 billion and touching US\$ 635.4 billion as of the end of September 2021.

Foreign Investment, consisting of foreign direct investment (FDI) and foreign portfolio investment (FPI), is the largest component of the capital account. Falling short of the pre-pandemic level, the net foreign investment inflows (FIIs) – primarily driven by FDI – moderated to US\$ 25.4 billion in H1: FY 22 compared to the corresponding period of FY 21. While net FDI recorded a lower inflow of US\$ 24.7 billion, the gross FDI inflows moderated at US\$ 54.1 billion during April-November, 2021 compared to the corresponding period last year. As of the end of November 2021, India was the fourth-largest forex reserves holder in the world after China, Japan, and Switzerland.





“The combination of high foreign exchange reserves, sustained foreign direct investment, and rising export earnings will provide an adequate buffer against possible global liquidity tapering in 2022-23,” it adds.

### Banking and Non-Banking Sector

The credit growth was 5.3 per cent at beginning of April 2021 and started to increase since then, but was still modest and stood at 7.3 per cent as of 17th December 2021. However, the credit growth has picked up sharply in December to 9.2 per cent as of 31st December 2021. Non-food bank credit growth that remained silenced during much of the pandemic period and stayed at sub-6 per cent through Q1 of 2021-22, has step-by-step improved and stood at 9.3 per cent as of 31st December 2021, as against 6.6 per cent a year ago.

GNPA (Gross Non-Performing Advances) ratio of SCBs (Scheduled Commercial Banks) decreased from 7.5 per cent at the end of September 2020 to 6.9 per cent at the end of September 2021. Restructured Standard Advances (RSA) ratio of SCBs increased from 0.4 per cent to 1.5 per cent during the same period. Overall, the Stressed Advances ratio of SCBs increased from 7.9 per cent at the end of September 2020 to 8.5 per cent at the end of September 2021.

### Agriculture

The agriculture sector, which grew by 3.9 per cent over the last fiscal, was the least suffered sector due to the pandemic. In the previous fiscal, it grew by 3.6 per cent. As per Fourth Advance Estimates for 2020-21, total food grain production in the country is estimated

at a record 308.65 million tons which is 11.15 million tons higher than that during 2019-20. As per the First Advance Estimates for 2021-22 (Kharif only), total food grain production in the country is estimated at a record level of 150.50 million tons which is higher by 0.94 million tons than Kharif food grain production of 2020-21. The government had increased the MSP for all mandated Kharif, Rabi and other commercial crops with a return of at least 50 per cent overall India weighted average cost of production from the agricultural year 2018-19 onwards. The agriculture credit flow target for 2021-22 has been fixed at ₹16,50,000 crore and till 30th September 2021 against this target a sum of ₹ 7,36,589.05 crore has been disbursed.

As per the estimates of National Accounts Statistics (NAS) 2020 for sector-wise GVA of agriculture and allied sectors, the contribution of livestock in total agriculture and allied sector GVA (at constant prices) has increased from 24.32 per cent (2014-15) to 29.35 per cent (2019-20). The livestock sector contributed 4.35 per cent of total GVA in 2019-20. The development of the livestock sector has led to improvement in the per capita availability of milk, eggs and meat.

Milk production in the country has grown at a compound annual growth rate of about 6.2 per cent to reach 209.96 million tons in 2020-21 from 146.31 million tons in 2014-15.

Natural farming in India is being promoted through a dedicated scheme of the Bharatiya Prakritik Krishi Paddhati Programme (BPKP) with the aim of eliminating



the usage of chemical fertilizers and pesticides and promoting good agronomic practices.

## Industry

In April-November 2021-22 the IIP (Index of Industrial Production) grew by 17.4 per cent as compared to (-15.3) per cent in the corresponding period of the previous year. In November 2021 the IIP grew by 1.4 per cent with the mining sector recorded a growth of 5.0 percent followed by electricity at 2.1 percent and manufacturing at 0.9 percent. In terms of use-based classification also, the Economic Survey 2021-22 index reflects broad-based recovery across all sectors. Primary goods at 3.5 percent, infrastructure goods with 3.8 percent, consumer non-durables with 0.8 and intermediate goods at 2.5 percent led the recovery under the used based classification.

The eight-core infrastructure supportive industries, viz. coal, crude oil, natural gas, refinery products, fertilizers, steel, cement and electricity comprises 40.27% of the weight in IIP grew by 13.7 % as compared to (-)11.1 percent in the corresponding period of last financial year.

## Non-banking Financial Sector (NBFC)

Total assets of NBFCs increased from `36.37 lakh crore in September 2020 to `42.05 lakh crore in September 2021, resulting in YoY growth of 15.61 per cent. Banks' exposure to NBFCs increased from `8.44 lakh crore in September 2020 to `9.16 lakh crore in September 2021, recording YoY growth of 8.5 per cent.

## Services

Services exports, after the initial slump during the first three quarters of 2020-21, surpassed its pre-pandemic level in Q4 2020-21. During H1 2021-22, services exports grew by 21.6 per cent, deriving strength from global demand for software and IT services exports. India's share in world commercial services exports increased to 4.1 per cent in 2020. Moreover, the IT-BPM services revenue reached US\$ 194 billion in 2020-21, adding 1.38 lakh employees during the same period. The services sector as a whole has mostly recovered from the impact of the nationwide lockdown imposed during March-May 2020 and localised lockdowns during the second covid wave in April-May 2021, although some of the sub-sectors continue to be impacted. During the first half of 2021-22, the Services sector grew by 10.8 per cent. The recovery is more pronounced given the Gross Value Added (GVA) of Services crossed the pre-pandemic level in Q2 2021-22.

## Prospects

The last two years have been difficult for the world economy on account of the COVID-19 pandemic. Repeated waves of infection, supply-chain disruptions and, more recently, inflation have created particularly challenging times for global economy. Faced with these challenges, the Government of India's immediate response was a bouquet of safety-nets to cushion the impact on vulnerable sections of society and the business sector. It next pushed through a significant increase in capital expenditure on infrastructure



to build back medium-term demand as well as aggressively implemented supply-side measures to prepare the economy for a sustained long-term expansion. Advance estimates suggest that the Indian economy is expected to witness real GDP expansion of 9.2 per cent in 2021-22 after contracting in 2020-21. This implies that overall economic activity has recovered past the pre-pandemic levels.

India plans to make lot of changes on policy level to accelerate the economic growth on gigantic level, some the future prospects are:

- Expressways will be formulated in 2022-23 to facilitate faster movement of people and goods. The National Highways network will be expanded by 25,000 km in 2022-23. ` 20,000 crore will be mobilized through innovative ways of financing to complement the public resources.
- The data exchange among all mode operators will be brought on Unified Logistics Interface Platform (ULIP), designed for Application Programming Interface (API). This will provide for efficient movement of goods through different modes, reducing logistics cost and time, assisting just-in-time inventory management, and in eliminating tedious documentation.
- Contracts for implementation of Multimodal Logistics Parks at four locations through PPP mode will be awarded in 2022-23.
- Defence R&D will be opened up for industry, startups and academia with 25 per cent of defence R&D budget earmarked. Private industry will be encouraged to take up design and development of military platforms and equipment in collaboration with DRDO and other organizations through SPV model. An independent nodal umbrella body will be set up for meeting wide ranging testing and certification requirements.
- Implementation of the Ken-Betwa Link Project, at an estimated cost of ` 44,605 crore will be taken up. This is aimed at providing irrigation benefits to 9.08 lakh hectare of farmers' lands, drinking water supply for 62 lakh people, 103 MW of Hydro, and 27 MW of solar power. Allocations of `4,300crore in RE 2021-22 and `1,400crore in 2022-23 have been made for this project.
- Startups will be promoted to facilitate 'Drone Shakti' through varied applications and for Drone-As-A-Service (DrAAS). In select ITIs, in all states, the required courses for skilling, will be started.
- Several IT-based systems have been established for accelerated registration of new companies. Now the Centre for Processing Accelerated Corporate Exit (C-PACE) with process re-engineering, will be established to facilitate and speed up the voluntary winding-up of these companies from the currently required 2 years to less than 6 months.
- Telecommunication in general, and 5G technology in particular, can enable growth and offer job opportunities. Required spectrum auctions will be conducted in 2022 to facilitate rollout of 5G mobile services within 2022-23 by private telecom providers.
- The Special Economic Zones Act will be replaced with a new legislation that will enable the states to



become partners in 'Development of Enterprise and Service Hubs'. This will cover all large existing and new industrial enclaves to optimally utilise available infrastructure and enhance competitiveness of exports.

- To facilitate domestic manufacturing for the ambitious goal of 280 GW of installed solar capacity by 2030, an additional allocation of ₹ 19,500 crore for Production Linked Incentive for manufacture of high efficiency modules, with priority to fully integrated manufacturing units from polysilicon to solar PV modules, will be made.
- World-class foreign universities and institutions will be allowed in the GIFT City to offer courses in Financial Management, FinTech, Science, Technology, Engineering and Mathematics free from domestic regulations, except those by IFSCA to facilitate availability of high-end human resources for financial services and technology.
- Introduction of Central Bank Digital Currency (CBDC) will give a big boost to digital economy. Digital currency will also lead to a more efficient and cheaper currency management system. It is, therefore, proposed to introduce Digital Rupee, using blockchain and other technologies, to be issued by the Reserve Bank of India starting 2022-23.



## Overview

Amidst the emergence of new Coronavirus Variant Omicron, the Union Budget 2022-23 proposed focus on health and well-being, infrastructure (PM Gati Shakti National Master Plan), inclusive development, energy transition and climate action. India's economic growth estimated at 9.2% is the highest among all large economies. 60 lakh new job opportunities to be created under the productivity linked incentive scheme in 14 sectors.

Noteworthy information includes issuing of e-passports, digital currency, establishment of digital universities and providing supplementary education in all regional languages, issuing green bonds for increasing green infrastructure, tax relief for disabled persons, introduction of 'digital rupee' using block chain technology in 2022-23, setting up of mental health centers and creating an economy conducive for startups.



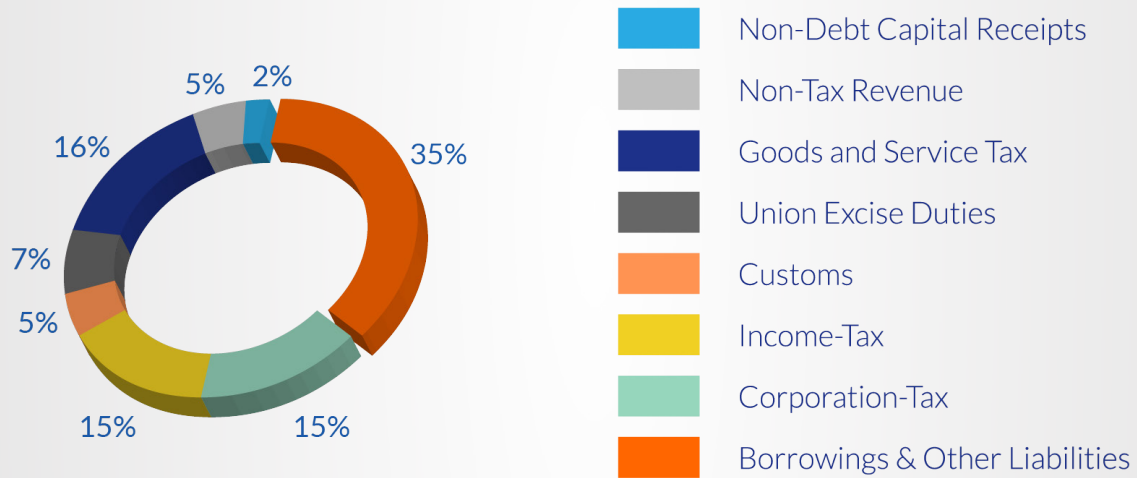
The CAPEX (Capital Expenditure) of the Central Government is estimated at ₹1,96,010 crore (over Budget Estimate 2021-22) lakh crore in 2022-23 or about 4.1% of GDP for the development of social and physical infrastructure in the country.

In RE (Revised Estimates) 2021-22, the total expenditure has been estimated at Rs. 37,70,000 crores and is more than Actual (2020-2021) by 2,60,164 crore.

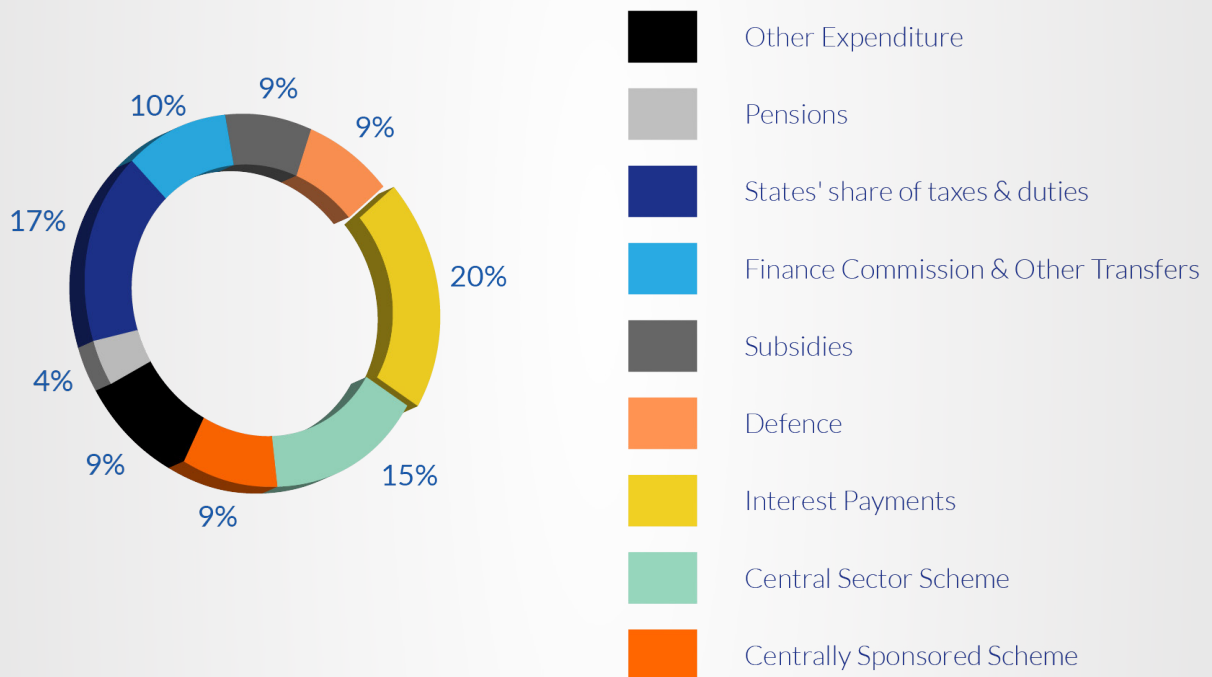
The total resources being transferred to the States including the devolution of State's share, Grants/Loans and releases under Centrally Sponsored Schemes etc in BE (Budget Estimate) 2022-23 is Rs. 16,11,781 crore over Actual (2020-21).



## WHERE THE RUPEE COMES FROM



## WHERE THE RUPEE GOES



## Budget at a Glance

Amount in INR Crores  
(Ten Million)

S.No.	Particulars	2020-2021 Actuals	2021-2022 Budget Estimates	2021-2022 Revised Estimates	2022-2023 Budget Estimates
1.	Revenue Receipts	1,633,920	1,788,424	2,078,936	2,078,936
2.	Tax Revenue (Net to Centre)	1,426,287	1,545,396	1,765,145	1,934,771
3.	Non Tax Revenue	207,633	243,028	313,791	269,651
4.	Capital Receipts	1,875,916	1,694,812	1,691,064	1,740,487
5.	Recovery of Loans	19,729	13,000	21,975	14,291
6.	Other Receipts	37,897	175,000	78,000	65,000
7.	Borrowings and Other Liabilities	1,818,291	1,506,812	1,591,089	1,661,196
8.	Total Receipts (1+4)	3,509,836	3,483,236	3,770,000	3,944,909
9.	Total Expenditure (10+13)	3,509,836	3,483,236	3,770,000	3,944,909
10.	On Revenue Account of which	3,083,519	2,929,000	3,167,289	3,194,663
11.	Interest Payments	679,869	809,701	813,791	940,651
12.	Grants in Aid for creation of capital assests	230,865	219,112	237,685	317,643
13.	On Capital Account	426,317	554,236	602,711	750,246
14.	Effective Capital Expenditure (12+13)	657,182	773,348	840,396	1,067,889
14.	Revenue Deficit (10-1)	1,449,599	1,140,576	1,088,352	990,241
15.	Effective Revenue Deficit (14-12)	1,218,734	921,464	850,667	672,598
16.	Fiscal Deficit [9-(1+5+6)]	1,818,291	1,506,812	1,591,089	1,661,196
17.	Primary Deficit (16-11)	1,138,422	697,111	777,298	720,545

The background of the slide features a hand holding a white pen over a tax form, specifically a 1040 form. A clock is visible in the background, and the word 'TAX' is faintly visible on the paper. The overall scene is set against a light blue background with orange circular accents.

# **DIRECT TAX PROPOSALS**

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## **EASE OF COMPLIANCE AND REDUCING LITIGATION**

Introduction of Tax incentives,  
withdrawal of exemptions and  
taxation of virtual digital assets



### Direct Tax

In the backdrop of the economic survey, the Hon'ble Finance Minister presented the budget on 1st February 2022 to stimulate growth, simplify the tax structure, bring ease of compliance and reduce litigations. Numerous changes have been incorporated in The Finance Bill, 2022. Changes introduced in the Finance Bill 2022 are highlighted as under :



### Personal Tax

In respect of individuals, HUF assesses the tax rates that have either been specified in Section 115BAC or have been specified in Part I of First Schedule to the bill. There is no change proposed in tax rate either in Section 115 BAC or in Part I of the First Schedule to the bill.

#### Tax rates for AY 2022-23 (Old taxation regime -

#### Option 1)

**Rates of tax for individuals, Hindu Undivided Family, or every association of persons or body of individuals, whether incorporated or not , or every artificial juridical person.**

Net Income (in INR)	Tax Rates (A.Y. 2023-24)
Upto 2,50,000	Nil
2,50,001 - 5,00,000	5%
5,00,001 – 10,00,000	20%
Above 10,00,000	30%



# 02



# DIRECT TAX PROPOSALS

Analysis of Income Tax Changes

Tax rates in the case of every individual, being a resident in India, who is of the age of 60 years or more but less than 80 years at any time during the previous year.

Net Income (in INR)	Rates of tax (AY 2023-24)
Upto 3,00,000	Nil
3,00,001 - 5,00,000	5%
5,00,001 - 10,00,000	20%
Above 10,00,000	30%

Tax rates in the case of every individual, being a resident in India, who is of the age of 80 years or more at any time during the previous year.

Net Income (in INR)	Tax Rates (AY 2023-24)
Upto 5,00,000	Nil
5,00,010 – Rs 10,00,000	20%
Above 10,00,000	30%

Surcharge/effective tax rate on Super Rich (other than capital gains on listed shares)

Net Income (in INR)	Surcharge (AY 2023-24)	Effective tax rate
50,00,001 – 1,00,00,000	10%	34.32%
1,00,00,010– 2,00,00,000	15%	35.88%

2,00,00,001 – 5,00,00,000	25%	39%
Above 5,00,00,000	37%	42.74%

\*Subject to Marginal Relief

Surcharge/effective tax rate on short-term and long-term capital gains on listed shares covered u/s 111A and 112A, respectively.

Net Income (in INR)	Surcharge (AY 2023-24)
50,00,010 – 1,00,00,000	10%
Above 1,00,00,000– 2,00,00,000	15%

\*Subject to Marginal Relief

**Health & Education Cess:**

Health and Education Cess at the rate of 4% shall be levied on tax and applicable surcharge.





### Tax rates for AY 2022-23 (New Regime -Option -2)

Rates for individuals(including senior citizen and super senior citizen), HUF, or every AOP or BOI, whether incorporated or not, or every artificial juridical person

Net Income (in INR)	Tax Rates (A.Y. 2023-24)
Upto 2,50,000	Nil
2,50,001 to 5,00,000	5%
5,00,001 to 7,50,000	10%
7,50,001 to 10,00,000	15%
10,00,001 to 12,50,000	20%
12,50,001 to 15,00,000	25%
Above 15,00,000	30%

- The aforesaid new option shall be exercised for every previous year where the individual or the HUF has no business income.
- Where any Individual or HUF has any business income this option once exercised for a previous year shall be valid for that previous year and all subsequent years.
- However, such option would be available only when an Individual or HUF satisfies certain conditions. In other words, Individual or HUF shall compute total income:-
  - Without following exemptions/deductions
    - Leave travel concession;

- House rent allowance;
  - Standard deduction (i.e. Rs 50,000)
  - Deduction of Entertainment allowance or professional tax.
  - Interest on housing loan u/s 24(b);
  - Additional depreciation;
  - Deductions under section 32AD, 33AB, 33ABA
  - Any deduction under chapter VI-A (viz, section 80C, 80CCC, 80CCD, 80D, 80DD, 80DDB, 80E, 80EE, 80EEA, 80EEB, 80G, 80GG, 80GGA, 80GGC, 80IA, 80-IAB, 80-IAC, 80-IB, 80-IBA, etc). [Deduction u/s 80CCD(2) can be claimed]
- Without set-off of unabsorbed business loss or depreciation if such loss or depreciation is attributable to any of the aforesaid deductions/exemptions.
  - Without set-off of house property loss with any other head of income.
  - by claiming the depreciation, if any, except additional depreciation determined in such manner as may be prescribed;
  - without any exemption or deduction for allowances or perquisite, by whatever name called, provided under any other law for the time being in force.
- Such option shall become invalid if the Individual or HUF fails to satisfy aforesaid conditions in any PY. In such a case, option/ tax slabs available under the old regime would be applicable.
  - Where option II [taxation under new regime] is



chosen by the Individual or HUF having business income, such option can be withdrawn only once in subsequent years and thereafter, the individual or HUF shall never be eligible to exercise the option under this section, except where such individual or HUF ceases to have any business income.

## Corporate Tax Changes

### Tax Rates (old regime)

- All companies having annual turnover upto INR 400 crore in the previous year 2019-20 is in the tax bracket of 25%.



### Companies

Particulars	Rates of tax A.Y 2023-24
Domestic Company whose total turnover or gross receipts for PY 2019-20 does not exceed INR 400 Crores (INR 4,000 Million)	25%

Domestic Company whose total turnover or gross receipts for PY 2019-20 exceeds INR 400 Crores (INR 4,000 Million)	30%
In case of foreign Company	40%

### Sucharge

#### In case of domestic company:

- 7% surcharge if the income is more than 1 crore (INR 10 Million) but less than 10 crores (INR 100 Million)
- 12% surcharge if the income is more than 10 Crores (INR 100 Million)

#### In case of foreign company:

- 2% surcharge if the income is more than 1 crore (INR 10 Million) but less than 10 crores (INR 100 Million)
- 5% surcharge if the income is more than 10 crore. (INR 100 Million)

#### Note:

Health and Education Cess of 4% shall be levied over and above taxes.

### Tax Rates (New Regime)

Particulars	Rates of tax A.Y 2023-24
Domestic Company covered u/s 115BAA (Other than Manufacturing)	22% (plus 10% surcharge and 4% cess)



New manufacturing companies* covered u/s 115BAB	15% (plus 10% surcharge and 4% cess)
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\*In case of new manufacturing companies u/s 115BAB, the tax rate would be different for the following type of incomes:-

- Short-term capital gains in case of non-depreciable asset would be taxable @ 22% instead of 15%.
- Any income neither derived from, nor incidental to manufacturing/ production of an article or a thing would be taxable @ 22% instead of 15%.

The Taxation Laws Amendment Act, inserted section 115BAA and section 115BAB in the Act to provide domestic companies with an option to be taxed at concessional tax rates provided they do not avail of specified deductions and incentives. Some of the deductions prohibited are deductions under any provisions of Chapter VI-A under the heading "C. Deduction in respect of certain incomes" other than the provisions of section 80JJAA (New Employees) and Section 80M.

Further, provisions of the Taxation Laws Amendment Act, provides that following, businesses shall not be considered as manufacturing or production of article or thing to avail concessional tax rate of 15% -

- Development of computer software,
- Mining,
- Conversion of marble blocks or similar items into slabs,
- Bottling of gas into cylinder,
- Printing of books or production of a cinematograph film or any other business as may be notified by

the Central Government.

### Firms & LLP's

No changes were proposed in the tax rates for firms and LLPs.

A flat rate of tax @ 30% shall apply to a firm. Surcharge @ 12% of income-tax shall be levied if net income exceeds INR 1 Crore. (INR 10 Million).

Health and Education Cess shall be levied @ 4% over and above taxes including surcharge.

### Cooperative Societies

No changes were proposed in the tax rates for co-operative society.

Particulars	Rate of tax A.Y. 2023-24
Having total income of less than 10,001	10%
Having total income of more than 10,000 but less than 20,001	1,000 plus 20% of total income in excess of 10,000
Having total income of more than 20,000 to 1 crore	3,000 plus 30% of total income in excess of 20,000

**Note:**

Surcharge @ 7% of income tax if net income exceeds INR 1 Crore (INR 10 Million) and surcharge @ 12% of income if net income exceeds INR 10 Crore (INR 100 Million) has been proposed in the Finance bill and Health and Education Cess of 4% shall be levied over and above the above taxes.

**However, from the assessment year 2021-22, resident co-operative societies have an option to opt for taxation @ 22% under newly proposed section 115BAD of the Act.**

### Promoting Voluntary Tax Compliance and Reducing Litigation

#### Filing of Updated Income Tax Return (Applicable from April 01, 2022)

Section 139 of the Act is related to the provisions for filing Income Tax returns by taxpayers. Section 139(5) provides the taxpayer with an opportunity to revise the return filed in case of any omission or wrong statement, after the due date, which is to be filed 3 months before the end of the assessment year or before the completion of the assessment, whichever is earlier. Hence, the object of section 139 of the Act is to give reasonable time to the taxpayer to file a correct statement of his income within the duration specified under the Act.

It is proposed to insert sub-section (8A) in section 139 of the Act to provide that:

(i) Any person, whether or not he has furnished a return

under sub-section (1), sub-section (4) or sub-section (5), for an assessment year (herein referred to as the relevant assessment year), may furnish an updated return of his income or the income of any other person in respect of which he is assessable under the Act, for the previous year relevant to such assessment year, within 24 months from the end of the assessment year. Such return shall be furnished in the prescribed form and manner and shall contain prescribed particulars.

The proposed sub-section (8A) of section 139 shall not apply, if the updated return, is a return of a loss or has the effect of decreasing the total tax liability determined on the basis of return furnished under sub-section (1), subsection (4) or sub-section (5) or results in refund or increases the refund due on the basis of return furnished under sub-section (1), sub-section (4) or subsection (5), of such person under the Act for the relevant assessment year.

**Litigation management when in an appeal by revenue an identical question of law is pending before jurisdictional High Court or Supreme Court. (Applicable from April 01, 2022)**

Section 158AA of the Act provides that where the Commissioner or Principal Commissioner believes that any question of law arising in the case of an assessee (relevant case) is identical with a question of law arising in his case for another assessment year (other case) which is pending in appeal before the Supreme Court against an order of High Court which was in favour



of assessee, he may direct the Assessing Officer to make an application to the Appellate Tribunal stating that an appeal on the question of law in the relevant case may be filed when the decision on the question of the law becomes final in the other case, subject to the acceptance of the same by the assessee. If such a principle could be applied to cases where a question of law is common and where a decision of the jurisdictional High Court, on the same question of law is available, the filing of appeal in such cases can be avoided to reduce the amount of litigation.

Therefore, to provide a procedure when an appeal by revenue is pending on an identical question of law, it is proposed to insert a new section 158AB in the Act, to provide that where the collegium is of the opinion that any question of law arising in the case of an assessee for any assessment year (“relevant case”) is identical with a question of law already raised in his case or in the case of any other assessee for an assessment year, which is pending before the jurisdictional High Court under section 260A or the Supreme Court in an appeal under section 261 or in a special leave petition under article 136 of the Constitution, against the order of the Appellate Tribunal or the jurisdictional High Court, as the case may be, in favour of such assessee (“other case”), it may, decide and intimate the Commissioner or Principal Commissioner not to file any appeal, at this stage, to the Appellate Tribunal under sub-section (2) of section 253 or to the High Court under sub-section (2) of section 260A against the order of the Commissioner

(appeals) or the Appellate Tribunal, as the case may be. It is also proposed that for the purposes of the proposed section, “collegium” shall comprise of two or more Chief Commissioners or Principal Commissioners or Commissioners of Income-tax, as specified by the Board in this regard.

With the introduction of section 158AB, a sunset clause is proposed to be inserted in sub-section (1) of section 158AA to provide that no direction shall be given under the said sub-section on or after 1st April, 2022.

### Amendment in section 245MA of the Act related to Dispute Resolution Committee (Applicable from April 01, 2022)

Finance Act, 2021 introduced a new chapter XIX-AA in the Act consisting of section 245MA for constituting Dispute Resolution Committee (“DRC”) for specified persons who may opt for dispute resolution under the said section and who fulfil specified conditions mentioned in the said section.

After the resolution of the dispute by the DRC the assessed income of the person who had applied to DRC has to be determined, which will be followed by, inter alia, initiation of penalty proceedings, if any and issuance of demand notice under section 156 of the Act. However, the existing provisions of the said section do not contain any provision which will enable





the Assessing Officer to pass an order giving effect to the order or directions of the Dispute Resolution Committee under the said section.

Therefore, it is proposed to insert a new sub-section to this section to enable the Assessing Officer to pass an order giving effect to the resolution of dispute by the DRC. However, since DRC is an alternate dispute resolution mechanism itself, a taxpayer may opt for approaching either the Dispute Resolution Panel under section 144C of the Act or the DRC under section 245MA of the Act, and the AO shall pass the final order in conformity with the order by the DRC even in the case of an eligible assessee.

### Clarification regarding treatment of cess and surcharge (Applicable retrospectively from April 01, 2005)

Section 40 of the Act specifies the amounts which shall not be deducted in computing the income chargeable under the head “Profits and gains of business or profession”. Sub-clause (ii) of clause (a) of section 40 of the Act provides that any sum paid on account of any rate or tax levied on the profits or gains of any business or profession or assessed at a proportion of, or otherwise on the basis of, any such profits or gains shall not be deducted in computing the income chargeable under the head “Profits and gains of business or profession”. However, certain taxpayers are claiming a deduction on account of ‘cess’ or ‘surcharge’ under section 40 of the Act claiming that ‘cess’ has not

been specifically mentioned in the aforesaid provisions of section 40(a)(ii) and, therefore, cess is an allowable expenditure. This view has been upheld by Courts in a few judgments.

Therefore, to make the intention of the legislation clear and to make it free from any misinterpretation, it is proposed to include an Explanation retrospectively in the Act itself to clarify that for this sub-clause, the term “tax” includes and shall be deemed to have always included any surcharge or cess, by whatever name called, on such tax. An Amendment is made retrospectively to make clear the position irrespective of the circular of the CBDT.

This amendment will take effect retrospectively from 1st April, 2005 and will accordingly apply in relation to the assessment year 2005-06 and subsequent assessment years.

### Amendments related to successor entity subsequent to business reorganization (Applicable from April 01, 2022)

Chapter XV of the Act refers to liability in certain special cases. Section 170, inter-alia, governs the procedure of taxation in case of succession to business in the event of reorganization or restructuring of the business

Section 170 provides for assessment in cases of succession otherwise than by death, in practice once



an entity starts the process of reorganization by filing an application with the adjudicating authority or any High Court, time involved in concluding with respect to such reorganization is found to be a long-drawn process and is not time-bound. The reorganization often is from a preceding date. During the pendency of the court proceedings the income tax proceedings and assessments are carried on and often completed on the predecessor entities only. Courts have held such proceedings and consequent assessments illegal as the predecessor assessee ceases to exist amid a perfectly valid and legal proceeding.

Further, it has been noted that in the cases of business reorganisation, instances have been found where the Court or Tribunal or an Adjudicating Authority, as defined in clause (1) of section (5) of the Insolvency and Bankruptcy Code, 2016, as the case may be, as a part of the restructuring process, recast the entire liability to ensure future viability of such sick entities and in the process, modify the demand created vide various proceedings in the past, by the Income Tax department as well, amongst other things.

However, it is observed that there is no procedure or mechanism provided in the Act to reduce such demands from the outstanding demand register. Hence, in order to remove this anomaly, it is proposed to insert a new section 156A to the Act to give effect to the orders of the competent authority and to modify such demands in accordance with such directions.

**Clarification in respect of disallowance under section 14A in absence of any exempt income during an assessment year (Applicable from AY 2022-23)**

Section 14A of the Act provides that no deduction shall be allowed in respect of expenditure incurred by the assessee in relation to income that does not form part of the total income as per the provisions of the Act (exempt income).

CBDT issued Circular No. 5/2014, dated 11/02/2014, clarifying that Rule 8D read with section 14A of the Act provides for disallowance of the expenditure even where tax payer in a particular year has not earned any exempt income. However, still some courts have taken a view that if there is no exempt income during a year, no disallowance under section 14A of the Act can be made for that year.

To make the intention of the legislation clear and to make it free from any misinterpretation, it is proposed to insert an Explanation to section 14A of the Act to clarify that notwithstanding anything to the contrary contained in this Act, the provisions of this section shall apply and shall be deemed to have always applied in a case where exempt income has not accrued or arisen or has not been received during the previous year relevant to an assessment year and the expenditure has been incurred during the said previous year in relation to such exempt income.



It is also proposed to amend sub-section (1) of the said section, so as to include a non-obstante clause in respect of other provisions of the Income-tax Act and provide that no deduction shall be allowed in relation to exempt income, notwithstanding anything to the contrary contained in this Act.

### Clarifications on allowability of expenditure under section 37 (Applicable from April 01, 2022)

Section 37 of the Act provides for the allow ability of revenue and non-personal expenditure (other than those falling under sections 30 to 36) laid out or expended wholly and exclusively for the purposes of business or profession. Explanation 1 of sub-section (1) of section 37 of the Act provides that if any expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law shall not be deemed to have been incurred for the purpose of business or profession and no deduction or allowance shall be made in respect of such expenditure. However, it is seen that certain taxpayers are claiming deductions on expenditure incurred in offering certain benefits or perquisite to a person which are not intended to be allowed under this section, like meeting his expenditure related to travel, hospitality, conference etc. In these cases acceptance of such benefit or perquisite by such person is in violation of a law or rule or regulation or guidelines, as the case may be, governing the conduct of such person.

In order to make the intention of the legislation clear and to make it free from any misinterpretation, it is proposed to insert another Explanation to sub-section (1) of section 37 to further clarify that the expression “expenditure incurred by an assessee

A) any purpose which is an offence under, or which is prohibited by, any law for the time being in force, in India or outside India; or

B) to provide any benefit or perquisite, in whatever form, to a person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation or guidelines, as the case may be, for the time being in force, governing the conduct of such person

C) To compound an offence under any law for the time being in force, in India or outside India.



### Clarification regarding deduction on payment of interest only on actual payment (Applicable from AY 2023-24)

Section 43B of the Act provides for certain deductions to be allowed only on actual payment. Explanation 3C, 3CA and 3D of this section provides that a deduction of any sum, being interest payable on loan or borrowing from specified financial institution /NBFC/scheduled bank or a co-operative bank under clause (d), clause (da), and clause (e) of this section respectively, shall be allowed if such interest has been actually paid and any interest referred to in these clauses which has been converted into a loan or borrowing or advance shall not be deemed to have been actually paid.

However, certain taxpayers are claiming deduction under section 43B on account of the conversion of interest payable on an existing loan into a debenture on the ground that such conversion is a constructive discharge of interest liability and, therefore, amounted to actual payment which has been upheld by several Courts

It is proposed to amend Explanation 3C, Explanation 3CA and Explanation 3D of section 43B to provide that conversion of interest payable under clause (d), clause (da), and clause (e) of section 43B, into debenture or any other instrument by which liability to pay is deferred to a future date, shall also not be deemed to have been actually paid.

### Consequence for failure to deduct/collect or payment of tax – Computation of interest (Applicable from April 01, 2022)

Section 201 of the Act deals with the consequences of persons who fail to deduct tax or after deducting, fail to deposit the same to the credit of the Central Government. Sub-section (1A) of the said section provides that if any person who is liable to deduct tax at source does not deduct it or after so deducting fails to pay the same to the credit of the Central Government, then he shall be liable to pay simple interest at the rates specified therein.

It has been observed that computation of interest under the said provisions in the case where the default for deduction/collection of tax or payment of tax continues is a subject matter of frequent litigation.

In order to make the intention of the legislation clear and to make it free from any misinterpretation, it is proposed to

i) amend sub-section (1A) of section 201 to provide that where any order is made by the Assessing Officer for the default under sub-section (1) of the said section, the interest shall be paid by the person in accordance with the order made by the Assessing Officer in this regard;



ii) amend sub-section (7) of section 206C to provide that where any order is made by the Assessing Officer for the default under sub-section (6A) of the said section, the interest shall be paid by the person in accordance with the order made by the Assessing Officer in this regard.

### Socio-economic welfare measures

#### Extension of the last date for commencement of manufacturing or production, under section 115BAB (Applicable from AY 2022-23)

The introduction of section 115BAB was intended to attract investment, create jobs and trigger overall economic growth. However, the cumulative impact of the persistence of the COVID-19 pandemic has resulted in some delay in setting up/registration of new domestic companies and the commencement of manufacturing or production by such companies, if they have been set up and registered.

In order to provide relief to such companies, it is proposed to amend section 115BAB so as to extend the date of commencement of manufacturing or production of an article or thing, from 31st March, 2023 to 31st March, 2024.

#### Extension of date of incorporation for eligible start up for exemption (Applicable from AY 2022-23)

Due to the COVID pandemic there have been delays in setting up of units. In order to factor in such delays and promote such eligible start-ups, it is proposed to amend the provisions of section 80-IAC of the Act to extend the period of incorporation of eligible start-ups to 31st March, 2023.

#### Rationalization of provisions of the Act to promote the growth of co-operative Societies (Applicable from AY 2023-24)

Section 115JC of the Act, inter alia, provides for the alternate minimum tax (AMT) payable by co-operative societies, which is at the rate of 18.5%. However, vide the Taxation Laws (Amendment) Act, 2019, the Minimum Alternate Tax (MAT) rate for companies has been reduced to 15%. Therefore, in order to provide parity between co-operative societies and companies, it is proposed to modify sub-section (4) of section 115JC to reduce the AMT rate at which co-operative societies are liable to pay income-tax to 15%. Consequential amendment is also proposed in clause (b) of section 115JF in relation to the definition of "alternate minimum tax"





### Tax Incentives to International Financial Services Centre (IFSC) (Applicable from AY 2023-24)

Over the past few years several tax concessions have been provided to units located in International Financial Services Centre (IFSC) under the Act to make it a global hub of financial services sector

In order to further incentivise operations from IFSC, it is proposed to provide the following additional incentives:

i) It is proposed to amend clause (4E) of section 10 of the Act to extend the exemption under the said clause to the income accrued or arisen to or received by a non-resident as a result of the transfer of offshore derivative instruments or over-the-counter derivatives entered into with an Offshore Banking Unit of an International Financial Services Centre, referred to in subsection (1A) of section 80LA.

ii) It is proposed to amend clause (4F) of section 10 to provide an exemption the exemption under the said clause to the income of a non-resident by way of royalty or interest, on account of lease of a ship in a previous year, paid by a unit of an International Financial Services Centre, as referred to in sub-section (1A) of section 80LA, if the unit has commenced its operations on or before the 31st March, 2024. It is also proposed to define “ship” to mean a ship or an ocean vessel, an engine of a ship or an ocean vessel, or any

part thereof.

iii) It is proposed to insert clause (4G) in section 10 to provide an exemption to any income received by a non-resident from a portfolio of securities or financial products or funds, managed or administered by any portfolio manager on behalf of such non-resident, in an account maintained with an Offshore Banking Unit, in any International Financial Services Centre, referred to in subsection (1A) of section 80LA, to the extent such income accrues or arises outside India and is not deemed to accrue or arise in India. It is also proposed to provide that “portfolio manager” shall have the same meaning as assigned to it in clause (z) of sub-regulation (1) of regulation (2) of International Financial Services Centres Authority (Capital Market Intermediaries) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019.

iv) It is proposed to amend the Explanation to clause (viib) of section 56 of the Act to provide that specified fund shall also include Category I or a Category II Alternative Investment Fund which is regulated under the International Financial Services Centres Authority Act, 2019.

v) It is proposed to amend clause (d) of sub-section (2) of section 80LA of the Act to provide that in addition to the income arising from the transfer of an asset being



an aircraft, the income arising from the transfer of an asset, being a ship, which was leased by a unit of the International Financial Services Centre to any person shall also be eligible for deduction under section (1A) of the said section, subject to the condition that the unit has commenced operation on or before the 31st day of March, 2024. It is also proposed to provide that ship shall have the same meaning as provided under clause (4F) of section 10.

**Incentives to National Pension System (NPS) subscribers for state government employees (Applicable retrospectively from April 01, 2020)**

It is proposed to increase the limit of deduction under section 80CCD of the Act from the existing ten per cent to fourteen per cent in respect of contribution made by the State Government to the account of its employee

**Condition of releasing of annuity to a disabled person (Applicable from AY 2023-24)**

The existing provision of section 80DD, inter alia, provide for a deduction to an individual or HUF, who is a resident in India, in respect of (a) expenditure for the medical treatment (including nursing), training and rehabilitation of a dependant, being a person with disability; or (b) amount paid to LIC or any other insurer or administrator or specified company in respect of a scheme for the maintenance of a disabled dependant.

Sub-section (2) of the aforesaid section provides that the deduction shall be allowed only if the payment of the annuity or lump sum amount is made to the benefit of the dependant, in the event of the death of the individual or the member of the HUF in whose name subscription to the scheme has been made. Sub-section (3) of the aforesaid section provides that if the dependant with a disability, predeceases the individual or the member of the HUF, the amount deposited in such scheme shall be deemed to be the income of the assessee of the previous year in which such amount is received by the assessee and shall accordingly be chargeable to tax as the income of that previous year.

In order to remove this genuine hardship, it is proposed to allow the deduction under the said section also during the lifetime, i.e., upon attaining the age of sixty years or more of the individual or the member of the HUF in whose name subscription to the scheme has been made and where payment or deposit has been discontinued. Further, it is proposed that the provisions of sub-section (3) shall not apply to the amount received by the dependant, before his death, by way of annuity or lump sum by application of the condition referred to in the proposed amendment.



### Exemption of amount received for medical treatment and on account of death due to COVID-19 (Applicable retrospectively from April 01, 2020)

It is proposed to amend clause (2) of section 17 and to insert a new sub-clause in the proviso to state that any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family in respect of any illness relating to COVID-19 subject to such conditions, as may be notified by the Central Government, shall not be forming part of “perquisite”.

It is proposed to amend the proviso to Clause (x) of sub-section (2) of section 56 and insert two new clauses in the proviso so as to provide that

1) any sum of money received by an individual, from any person, in respect of any expenditure actually incurred by him on his medical treatment or treatment of any member of his family, in respect of any illness related to COVID-19 subject to such conditions, as may be notified by the Central Government in this behalf, shall not be the income of such person.

2) any sum of money received by a member of the family of a deceased person, from the employer of the deceased person (without limit), or from any other person or persons to the extent that such sum or aggregate of such sums does not exceed INR 10 lakh where the cause of death of such person is illness

relating to COVID-19 and the payment is, received within twelve months from the date of death of such person, and subject to such other conditions, as may be notified by the Central Government in this behalf, shall not be the income of such person.

Further, it is proposed to provide that for the purpose of both of the said clauses “family” in relation to an individual shall have the same meaning as assigned to in Explanation 1 to clause (5) of section 10.

### Facilitating strategic disinvestment of public sector companies (Applicable from AY 2022-23)

Section 79 of the Act provides for carrying forward and set-off of losses in case of certain companies. In order to facilitate the strategic disinvestment of public sector companies, it is proposed to amend section 79 of the Act to provide that the provisions of sub-section (1) of section 79 shall not apply to an erstwhile public sector company subject to the condition that the ultimate holding company of such erstwhile public sector company, immediately after the completion of strategic disinvestment, continues to hold, directly or through its subsidiary or subsidiaries, at least fifty one per cent of the voting power of the erstwhile public sector company in aggregate.

It is further proposed to provide that if the above condition is not complied with in any previous year



after the completion of strategic disinvestment, the provisions of sub-section (1) shall apply for such previous year and subsequent previous years. The terms “erstwhile public sector company” and “strategic disinvestment” shall have the meaning assigned to in clause (ii) and (iii) of the Explanation to clause (d) of sub-section (1) of Section 72A respectively.

### Widening and deepening of tax base

**Rationalization of provisions of section 206AB and 206CCA to widen and deepen tax-base (Applicable from April 01, 2022)**

Section 206AB and 206CCA provide for special provision for deduction and collection of tax at source respectively, in case of specified persons at higher rates specified therein.

It is proposed to reduce two years requirement to one year by amending sections 206AB and 206CCA of the Act to provide that “specified person” to mean as a person who has not filed its return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is to be deducted or collected, as the case may be, and the amount of tax collected and deducted at source is INR 50,000 or more in the said previous year.

In order to reduce the additional burden on individual and Hindu undivided family (HUF) taxpayers covered

under section 194-IA, 194-IB and 194M of the Act for whom simplified tax deduction system has been provided without the requirement of TAN, it is proposed that the provisions of section 206AB will not apply in relation to transactions on which tax is to be deducted under the said sections of the Act.

**Rationalization of provisions of TDS on sale of immovable property (Applicable from April 01, 2022)**

Section 194-IA of the Act provides for deduction of tax on payment on transfer of certain immovable property other than agricultural land. TDS is to be deducted on the amount of consideration paid by the transferee to the transferor. This section does not take into account the stamp duty value of the immovable property, whereas, as the provisions of section 43CA and 50C of the Act, for the computation of income under the head “Profits and gains from business or profession” and “capital gains” respectively, the stamp duty value is also to be considered.

In order to remove inconsistency, it is proposed to amend section 194-IA of the Act to provide that in case of transfer of an immovable property (other than agricultural land), TDS is to be deducted at the rate of one per cent. of such sum paid or credited to the resident or the stamp duty value of such property, whichever is higher. In case the consideration paid for the transfer of immovable property and the stamp



duty value of such property are both less than fifty lakh rupees, then no tax is to be deducted under section 194-IA.

### TDS on benefit or perquisite of a business or profession (Section 194 R) (Applicable from July 01, 2022)

Section 194R is proposed provide that the person responsible for providing to a resident, any benefit or perquisite, whether convertible into money or not, arising from carrying out of a business or exercising of a profession by such resident, shall, before providing such benefit or perquisite, as the case may be, to such resident, ensure that tax has been deducted in respect of such benefit or perquisite at the rate of 10% of the value or aggregate of the value of such benefit or perquisite.

For this section, the expression 'person responsible for providing' has been proposed to mean a person providing such benefit or perquisite or in case of a company, the company itself including the principal officer thereof. Further, in a case where the benefit or perquisite, as the case may be, is wholly in kind or partly in cash and partly in kind but such part in cash is not sufficient to meet the liability of deduction of tax in respect of the whole of such benefit or perquisite, the person responsible for providing such benefit of perquisite shall, before releasing the benefit or perquisite, ensure that tax has been paid in respect of the benefit or perquisite.

No tax is to be deducted if the value or aggregate value of the benefit or perquisite paid or likely to be paid to a resident does not exceed INR 20,000 during the financial year.

Further, the provisions of the said section shall not apply to an individual or a Hindu undivided family, whose total sales, gross receipts or turnover does not exceed one crore rupees in case of business or fifty lakh rupees in case of the profession during the financial year immediately preceding the financial year in which such benefit or perquisite, as the case may be, is provided.

### Widening the scope of reporting by producers of cinematograph films or persons engaged in specified activities (Applicable from April 01, 2022)

Under section 285B, the producer of cinematographic films is obliged to furnish within 30 days from the end of the financial year or from the date of completion of the film, whichever is earlier, a statement containing particulars of all payments over INR 50,000/- in the aggregate made by him or due from him to each person engaged by him.

It is proposed to widen the scope of section 285B to include persons engaged in specified activities





to expand the reporting requirements in Form 52A. “Specified Activities” would mean event management, documentary production, production of programs for telecasting on television or over the top platforms or any other similar platform, sports event management, other performing arts or any other activity as the Central Government may, by notification in the Official Gazette, specify on this behalf.

**Provisions pertaining to bonus stripping and dividend stripping to be made applicable to securities and units (Applicable from AY 2023-24)**

Section 94 of the Act contains anti avoidance provisions to deal with transactions in securities and units of mutual fund which, inter-alia, include dividend stripping and bonus stripping.

It is proposed to amend sub-section (8) of section 94, pertaining to the prevention of tax evasion through bonus stripping, so as to make the said provision applicable to securities as well. Further, It is also proposed to amend the Explanation to the said section to modify the definition of unit, so as to include units of business trusts such as InvIT, REIT and AIF, within the definition of units.

## Revenue Mobilization Measures

**Scheme for taxation of virtual digital assets (Applicable from AY 2022-23)**

Virtual digital assets have gained tremendous popularity in recent times and the volumes of trading in such digital assets have increased substantially. Further, a market is emerging where payment for the transfer of a virtual digital asset can be made through another such asset. Accordingly, a new scheme to provide for taxation of such virtual virtual assets have been proposed in the Bill.

The proposed section 115BBH seeks to provide that where the total income of an assessee includes any income from transfer of any virtual digital asset, the income tax payable shall be the aggregate of the amount of income-tax calculated on the income of transfer of any virtual digital asset at the rate of 30% and the amount of income-tax with which the assessee would have been chargeable had the total income of the assessee been reduced by the aggregate of the income from the transfer of virtual digital asset. However, no deduction in respect of any expenditure (other than the cost of acquisition) or allowance or set off of any loss shall be allowed to the assessee under any provision of the Act while computing income from the transfer of such asset.



Further, no set off of any loss arising from transfer of virtual digital asset shall be allowed against any income computed under any other provision of the Act and such loss shall not be allowed to be carried forward to subsequent assessment years.

**This amendment will take effect from 1st April 2023 and will accordingly apply in relation to the assessment year 2023-24 and subsequent assessment years.**

Further, in order to widen the tax base from the transactions so carried out in relation to these assets, it is proposed to insert section 194S to the Act to provide for deduction of tax on payment for the transfer of virtual digital asset to a resident at the rate of one per cent of such sum. However, in case the payment for such transfer is –

- (i) wholly in kind or in exchange of another virtual digital asset where there is no part in cash
- (ii) partly in cash and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of such transfer

The person before making the payment shall ensure that the tax has been paid in respect of such consideration.

In the case of specified persons, the provisions of section 203A and 206AB will not be applicable. Further, no tax is to be deducted in case the payer is

the specified person and the value or the aggregate of such value of consideration to a resident is less than INR 50,000 during the financial year. In any other case, the said limit is proposed to be INR 10,000 during the financial year.

It is also proposed to provide that if tax has been deducted under section 194S, then no tax is to be collected or deducted in respect of the said transaction under any other provision of Chapter XVII of the Act.

It is also proposed to provide that in case of a transaction where tax is deductible under section 194-O along with the proposed section 194S, then the tax shall be deducted under section 194S and not section 194-O.

For the said section, it is proposed to provide that 'specified person' means a person:—

- (i) being an individual or Hindu undivided family whose total sales, gross receipts or turnover from the business carried on by him or profession exercised by him does not exceed one crore rupees in case of business or fifty lakh rupees in case of the profession, during the financial year immediately preceding the financial year in which such virtual digital asset is transferred;
- (ii) being an individual or Hindu undivided family having income under any head other than the head 'Profits and gains of business or profession'.



### This amendment will take effect from 1st of July 2022.

Further, in order to provide for taxing the gifting of virtual digital assets, it is also proposed to amend Explanation to clause (x) of sub-section (2) of section 56 of the Act to inter-alia, provide that for the purpose of the said clause, the expression “property” shall have the meaning assigned to it in Explanation to clause (vii) and shall include virtual digital asset.

This amendment will take effect from 1st April, 2023 and will accordingly apply in relation to the assessment year 2023-24 and subsequent assessment years.

To define the term “virtual digital asset”, a new clause (47A) is proposed to be inserted into section 2 of the Act. As per the proposed new clause, a virtual digital asset is proposed to mean any information or code or number or token (not being Indian currency or any foreign currency), generated through cryptographic means or otherwise, by whatever name called, providing a digital representation of value which is exchanged with or without consideration, with the promise or representation of having inherent value, or functions as a store of value or a unit of account and includes its use in any financial transaction or investment, but not limited to, investment schemes and can be transferred, stored or traded electronically. Non fungible token and any other token of similar

nature are included in the definition.

These amendments will take effect from 1st April, 2022.

### Withdrawal of concessional rate of taxation on dividend income under section 115BBD (Applicable from AY 2023-24)

Section 115BBD of the Act provides for a concessional rate of tax of 15 % on the dividend income received by an Indian company from a foreign company in which the said Indian company holds 26 % or more in nominal value of equity shares (specified foreign company). This rate was aligned to the rate of tax provided under section 115-O of the Act.

Finance Act, 2020 abolished the dividend distribution tax provided in section 115-O to, inter-alia, provide that dividend shall be taxed in the hands of the shareholder at applicable rates plus surcharge and cess. In order to provide parity in the tax treatment in case of dividends received by Indian companies from specified foreign companies vis a vis dividend received from domestic companies, it is proposed to amend section 115BBD of the Act to provide that the provisions of this section shall not apply to any assessment year beginning on or after the 1st day of April, 2023.



### Phasing out exemptions

Withdrawal of exemption under clauses (8), (8A), (8B) and (9) of section 10 (Applicable from AY 2023-24)

Clause (8) of the section 10 of the Act provides for exemption to the income of an individual who is assigned duties in India in connection with any co-operative technical assistance programmes and projects. Such co-operative technical assistance programmes and projects are required to be in accordance with an agreement entered by the Central Government and the Government of a foreign state (the terms thereof provide for the exemption given by this clause).

An Exemption is provided to both (i) the remuneration received by the individual from the foreign state for such duties and (ii) any other income accruing or arising outside India (which is not deemed to accrue or arise in India), in respect of which the individual is required to pay any income or social security tax to the Government of the foreign state.

Clause (8A) of the said section provides for an exemption on the remuneration or fee received by a consultant, directly or indirectly out of the funds made available to an international organisation (agency) under a technical assistance grant agreement between the agency and the Government of a foreign state. The

said clause also provides exemption to such consultant in respect of any income accruing or arising outside India (which is not deemed to accrue or arise in India), in respect of which the consultant is required to pay income or social security tax to the Government of the country of his or its origin.

For the purposes of this clause, if the consultant is an individual he must be a foreign citizen or in case he is an Indian citizen he should be not ordinarily resident in India. In case the consultant is not an individual, such a person is required to be a non-resident.

A Consultant should be engaged by the agency for rendering technical services in India in connection with any technical assistance programme or project. Such technical assistance programmes or projects are required to be in accordance with an agreement entered into by the Central Government and the agency and the agreement relating to the engagement of the consultant is required to be approved by the prescribed authority.

Clause (8B) of the said section provides for exemption to an individual who is an employee of the consultant as referred to in clause (8A) of section 10. Such individuals are those who are assigned duties in India in connection with any technical assistance programme and project. These technical assistance programmes and projects are required to be in accordance with an



agreement entered into by the Central Government and the agency.

The exemption is provided to the remuneration received by such individual, directly or indirectly, for such duties from any consultant referred to in clause (8A) of section 10. An Exemption is also provided to any income accruing or arising outside India (which is not deemed to accrue or arise in India), in respect of which the individual is required to pay income or social security tax to the country of his origin. The individual must be the employee of the consultant. He may be a foreign citizen or if he is an Indian citizen, he is not ordinarily resident in India. It is also required that the contract of service of the employee is approved by the prescribed authority before the commencement of his service.

Clause (9) of the said section provides for exemption to the income of the family members of any individual or consultant as referred in clause (8), clause (8A) and clause (8B), who accompanies such individual or consultant to India. The exemption is provided to income accruing or arising outside India (which is not deemed to accrue or arise in India), in respect of which such member is required to pay any income or social security tax to the Government of that foreign state or country of origin of such member.

The exemptions as provided under the above-

mentioned clauses have outlived their utility in the era of simplification of tax laws and where exemptions and tax incentives are being phased out as a matter of stated policy of the Government. Further, if under a tax treaty, India gets a right to tax a particular income and the other country is expected to then relieve double taxation by exemption or credit method, providing exemption by India amounts to surrender of right of taxation by India in favour of the other country.

Accordingly, it is proposed to amend clauses (8), (8A), (8B) and (9) of section 10 of the Act to provide that the provisions of the said clauses shall not apply to remuneration, fee or income of the previous year relevant to the assessment year beginning on or after the 1st day of April, 2023.





### Rationalization Measures

Amendment in the provisions of section 248 of Income-tax Act and insertion of new section 239A (Applicable from April 01,2022)

Section 248 of the Act provides that in a case where, under an agreement or other arrangement, a person who has deducted tax on any income paid to a non-resident, other than interest, under section 195 of the Act, he may appeal to the Commissioner (Appeals) for a declaration that no tax was deductible on such income, if he claims that such tax is to be borne by him since no tax was required to be deducted on such income. Such appeal can be filed after making payment of tax so deducted to the credit of the Government account.

To obtain a refund of the tax deducted and paid by a person, where it was not deductible, as per the provisions of section 248 of the Act, a taxpayer has no recourse to approach the Assessing Officer with such request. It is proposed that a new section 239A may be inserted in the Act to provide that such a person, who has made the deduction of tax under such an agreement or arrangement and borne the tax liability, when no tax deduction was required, may file an application for refund of such tax deducted before the Assessing Officer.

Cash credits under section 68 of the Act (Applicable from AY 2023-24)

Section 68 of the Act provides that where any sum is found to be credited in the books of an assessee maintained for any previous year, and the assessee does not explain about the nature and source thereof or the explanation offered by him is not, in the opinion of the Assessing Officer, satisfactory, the sum so credited may be charged to income-tax as the income of the assessee of that previous year. It is noticed that there is a pernicious practice of conversion of unaccounted money by crediting it to the books of assesses through a masquerade of loan or borrowing.

It is proposed to amend the provisions of section 68 of the Act so as to provide that the nature and source of any sum, whether in form of loan or borrowing, or any other liability credited in the books of an assessee shall be treated as explained only if the source of funds is also explained in the hands of the creditor or entry provider. However, this additional onus of proof of satisfactorily explaining the source in the hands of the creditor, would not apply if the creditor is a well regulated entity, i.e., it is a Venture Capital Fund, Venture Capital Company registered with SEBI.



### Set off of a loss in search cases (Applicable from AY 2022-23)

It is proposed to insert a new section 79A in the Act to provide that notwithstanding anything contained in the Act, where consequent to a search initiated under section 132 or a requisition made under section 132A or a survey conducted under section 133A, other than under sub-section (2A) of section 133A, the total income of any previous year of an assessee includes any undisclosed income, no set-off, against such undisclosed income, of any loss, whether brought forward or otherwise, or unabsorbed depreciation under sub-section (2) of section 32 shall be allowed to the assessee under any provision of this Act in computing his total income for such previous year.

### Rationalization of the provisions of Sections 271AAB, 271AAC and 271AAD of the Act

Sections 271AAB, 271AAC and 271AAD of the Act under Chapter XXI contain provisions which give powers to the Assessing Officer to levy penalty in cases involving undisclosed income in cases where search has been initiated u/s 132 or otherwise, or for false entry etc. in books of account.

in order to improve deterrence against non-compliance among taxpayers, it is proposed to amend sections 271AAB, 271AAC and 271AAD by enabling the

Commissioner (Appeals) to levy penalties under these sections to the along with the Assessing Officer.

### Amendment in the provisions of section 272A of the Act (Applicable from April 01, 2022)

Section 272A of the Act provides for penalty for failure to answer questions, sign statements, furnish information, returns or statements, allow inspections etc. At present, the amount of penalty for failures listed under sub-section (2) of section 272A is one hundred rupees for every day during which the failure continues.

It is proposed to increase the amount of penalty for failures listed under sub-section (2) of section 272A to five hundred rupees from the existing sum of one hundred rupees.

### Rationalisation of the provision of Charitable Trust and Institutions

#### 1) Books of account to be maintained by the trusts or institutions (Applicable from AY 2023-24)

It is proposed to amend clause (b) of sub-section (1) of section 12A of the Act and tenth proviso to clause (23C) of section 10 of the Act to provide that where the total income of the trust or institution under both regimes, without giving effect to the provisions of clause (23C) of section 10 or section 11 and 12, exceeds the maximum



amount which is not chargeable to tax, such trust or institution shall keep and maintain books of account and other documents in such form and manner and at such place, as may be prescribed.

These amendments will take effect from 1st April, 2023

### 2) Penalty for passing on unreasonable benefits to trustee or specified persons (Applicable from AY 2023-24)

It is proposed to insert a new section 271AAE in the Act to provide for penalty on trusts or institution which is equal to amount of income applied by such trust or institution for the benefit of specified person where the violation is noticed for the first time during any previous year and twice the amount of such income where the violation is notice again in any subsequent year. The proposed section seeks to operate without prejudice to any other provision of chapter XXI. Thus, if any penalty is leviable under any of the other provisions of this chapter, in addition to the proposed penalty, that penalty would also be applicable.

The proposed new section seeks to provide that, if during any proceeding under the Act, it is found that a person, being any trust or institution has violated the provisions of twenty-first proviso to clause (23C) of section 10 or clause (c) of sub-section (1) of section 13, as the case may be, the Assessing Officer may direct that such person shall pay by way of penalty

i) a sum equal to the aggregate amount of income applied, directly or indirectly, by such person, for the benefit of any person referred to in sub-section (3) of section 13 where the violation is noticed for the first time during any previous year

ii) a sum equal to two hundred percent of the aggregate amount of income of such person applied, directly or indirectly, by such person, for the benefit of any person referred to in sub-section (3) of section 13, where violation is noticed again in any subsequent previous year.

### 3) Reference to the Principal Commissioner or Commissioner (PCIT/CIT) for the cancellation of registration/approval (Applicable from April 01, 2022)

Section 12AB and Section 10(23C) has been proposed to be amended for the cancellation of registration and approval.

### 4) Accumulations Provisions (Applicable from AY 2023-24)

It is proposed that income which is accumulated or set apart u/s 11(2) but does not utilised shall be the income in the last year for which income is accumulated.

Further for the purpose of Section 10(23C), 85% of the income which is not utilised shall file an application to



AO for the purpose of accumulation or set apart.

### 5) Filing of Income Tax Return (Applicable from AY 2023-24)

It is proposed to amend the Section 10(23) that the benefit of exemption u/s 10(23) will not be applicable if the Income Tax return is not filed within the time limit specified u/s 139(4C).

### 6) Payment to Specified Person (Applicable from AY 2023-24)

Under section 13 of the Act, trusts or institutions under Section 12AB are required not to pass on any unreasonable benefit to the trustee or any other specified person. It is proposed to insert twenty first proviso in clause (23C) of section 10 of the Act to provide that where the income or part of income or property of any trust or institution under the first regime, has been applied directly or indirectly for the benefit of any person referred to in sub-section (3) of section 13, such income or part of income or property shall be deemed to be the income of such person of the previous year in which it is so applied. The provisions of sub-section (2), (4) and (6) of section 13 of the Act shall also apply to trust or institution under the first regime.

### 7) Voluntary Contributions for the renovation and repair of temples, mosques, gurudwaras, churches etc notified under clause (b) of sub-section (2) of section 80G (Applicable retrospectively from April 01, 2021)

Donations for the renovation and repair of temples, mosques, gurudwaras, churches etc notified under clause (b) of sub-section (2) of section 80G of the Act are received for specific purposes. However, it is not clear if such donations are treated as corpus donations or are required to be applied or can be accumulated for a maximum period of 5 years.

In order to provide clarity, it is proposed to insert Explanation 3A in sub-section (1) of section 11 of the Act to provide that where the property held under a trust or institution includes any temple, mosque, gurdwara, church or other place notified under clause (b) of sub-section (2) of section 80G, any sum received by such trust or institution as a voluntary contribution for the purpose of renovation or repair of such temple, mosque, gurdwara, church or other place, may, at its option, be treated by such trust or institution as forming part of the corpus of the trust or the institution, subject to the condition that the trust or the institution,

(a) applies such corpus only for the purpose for which the voluntary contribution was made;

(b) does not apply such corpus for making contribution



or donation to any person;

(c) maintains such corpus as separately identifiable

(d) invests or deposits such corpus in the forms and modes specified under subsection (5) of section 11.

It is also proposed to insert Explanation 3B in subsection (1) of section 11 of the Act to provide that for the purposes of Explanation 3A, where any trust or institution has treated any sum received by it as forming part of the corpus and subsequently any of the conditions specified in clause (a), (b), (c) or clause (d) thereof are violated, such sum shall be deemed to be the income of such trust or institution of the previous year during which the violation takes place.

It is also proposed to insert Explanation 1A in the third proviso to clause (23C) of section 10 of the Act to provide that where the property held under a trust or institution referred to in sub-clause (v), includes any temple, mosque, gurdwara, church or other place notified under clause (b) of sub-section (2) of section 80G of the Act, any sum received by such trust or institution as a voluntary contribution for the purpose of renovation or repair of such temple, mosque, gurdwara, church or other place, may be treated by such trust or institution, at its option, as forming part of corpus of the trust or institution, subject to the condition that the trust or institution,

(a) applies such corpus only for the specific purpose for which the voluntary donation was made;

(b) does not apply such corpus for making contribution or donation to any person;

(c) maintains such corpus as separately identifiable

(d) invests or deposits such corpus in the forms and modes specified under subsection (5) of section 11.

It is also proposed to insert Explanation 1B in the third proviso to clause (23C) of section 10 of the Act providing that for the purposes of Explanation 1A, where any trust or institution referred to in sub-clause (v) has treated any sum received by it as forming part of the corpus and subsequently any of the conditions specified in clause (a), (b), (c) or clause (d) thereof are violated, such sum shall be deemed to be the income of such trust or institution of the previous year during which the violation takes place.

**8) Clarifying that application will be allowed only when its actually paid (Applicable from AY 2022-23)**

Trust or institution under both the regimes are required to apply 85% of their income for the purposes specified. As is evident from the word “ application”, it means actually paid. This is the position which has been held by different courts also. Accordingly it





is being clarified by inserting Explanations “[Explanation 3 to clause (23C) of section 10 and Explanation to section 11] to provide that any sum payable by any trust shall be considered as application of income in the previous year in which such sum is actually paid by it irrespective of the previous year in which the liability to pay such sum was incurred by such trust according to the method of accounting regularly employed by it. It is further proposed to insert proviso to the proposed Explanations [Explanation 3 to clause (23C) of section 10 and Explanation to section 11] to provide that where during any previous year, any sum has been claimed to have been applied by such trust, such sum shall not be allowed as application in any subsequent previous year.

### Amendment to sub-section (1A) of section 35 (Applicable retrospectively from April 01, 2021)

Sub-section (1A) to section 35 of the Act was inserted by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 with effect from the 1st April, 2021. It mandated the research association, university, college or other institution referred to in clause (ii) or clause (iii) or the company referred to in clause (iia) of sub-section (1) of section 35 of the Act to file the statement of donations received by these entities from the donors. However, an inadvertent drafting error has crept in in the sub-section. The present language reads that no deduction

shall be allowed to the research association, university, college or other institution referred to in clause (ii) or clause (iii) or the company referred to in clause (iia) of sub-section (1) of section 35, if such statement of donations is not filed. However, that was not the intention of the law. The deduction claimed by the donor needs to be dis-allowed in such cases. In section 80G of the Act similar provisions were introduced by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 with effect from the 1st April, 2021, whereby the deduction claimed by the donor under this section was disallowed in case the donee fails to furnish the statement of donations.

Hence, it is proposed to amend sub-section (1A) of section 35 of the Act to provide that the deduction claimed by the donor with respect to the donation given to any research association, university, college or other institution referred to in clause (ii) or clause (iii) or the company referred to in clause (iia) of sub-section (1) of section 35 of the Act shall be disallowed unless such research association, university, college or other institution or company files the statement of donations.

### Amendment in the provisions of section 263 of the Act (Applicable from April 01, 2022)

Section 263 of the Act contains the provision for revision of order which is erroneous in so far as it is



prejudicial to the interests of revenue. An order under section 263 of the Act can be passed within two years from the end of the financial year in which the order sought to be revised was passed.

It is proposed to amend the provisions of section 263 of the Act so as to provide that the Principal Chief Commissioner or the Chief Commissioner or the Principal Commissioner or Commissioner who is assigned the jurisdiction of transfer pricing, may call for and examine the record of any proceeding under this Act, and if he considers that any order passed by the TPO, working under his jurisdiction, to be erroneous in so far as it is prejudicial to the interests of revenue, he may pass an order directing revision of the order of TPO. Consequential changes are also be made in the provisions of section 153 of the Act inter alia to provide two months' time to the Assessing Officer to give effect to the order of TPO consequent to the directions in the revision order.

Further, in section 153 of the Act, it is proposed to

- (i) provide that the provisions of sub-sections (3) and (5) of that section shall also be applicable to order passed by Transfer Pricing Officer under section 92CA,
- (ii) to insert sub-section (5A) to provide that where the Transfer Pricing Officer gives effect to an order or direction under section 263 by means of an order under section 92CA and forwards such order to the Assessing Officer, the Assessing Officer shall proceed

to modify the order of assessment or reassessment or re-computation, in conformity with such order of the Transfer Pricing Officer, within two months from the end of the month in which such order of the Transfer Pricing Officer is received by him.

**Reduction of Goodwill from block of assets to be considered as 'transfer (Applicable retrospectively from April 01, 2021)**

From the assessment year 2021-2022, goodwill of a business or profession is not considered as a depreciable asset and there would not be any depreciation on goodwill of a business or profession in any situation. In case where goodwill is purchased by an assessee, the purchase price of the goodwill will continue to be considered as cost of acquisition for the purpose of computation of capital gains under section 48 of the Act subject to the condition that in case depreciation was obtained by the assessee in relation to such goodwill prior to the assessment year 2021-22, then the depreciation so obtained by the assessee shall be reduced from the amount of the purchase price of the goodwill. When the amendment was carried out through the Finance Act 2021, consequential amendment was carried out in section 50 of the Act by insertion of a proviso to clause (2) of that section. A further consequential amendment required is being proposed now.



Accordingly, it is proposed to clarify that for the purposes of section 50 of the Act, reduction of the amount of goodwill of a business or profession, from the block of asset in accordance with sub item (B) of item (ii) of sub-clause (c) of clause (6) of section 43, shall be deemed to be transfer. Since the amendment to the effect that goodwill of a business or profession is not a depreciable asset has been made applicable from assessment year 2021-2022 the above amendment will take effect retrospectively from 1st April 2021 and will accordingly apply in relation to the assessment year 2021-22 and subsequent assessment years.

### Definition of the term “slump sale” (Applicable retrospectively from April 01, 2021)

Slump sale is defined in clause (42C) of section 2 of the Act, as the transfer of one or more undertaking, by any means, for a lump sum consideration without values being assigned to individual assets and liabilities in such sales. Vide the Finance Act, 2021, the definition of “slump sale” was amended to expand its scope to cover all forms of transfer under slump sale. However, inadvertently, in the last sentence there is reference to the word “sales” instead of “transfer”.

Therefore, it is proposed to carry out consequential amendment by amending the provision of clause (42C) of section 2 of the Act, to substitute the word “sales” with the word “transfer”.





# INDIRECT TAX CHANGES

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## CHANGES IN GST AND CUSTOMS TO ENSURE COMPLIANCE

Availment of input tax credit  
accordance with GSTR-2B, extension  
of time limit to avail input  
tax credit, make corrections, issue  
of credit notes till November





### Indirect Tax

Our Indirect tax analysis consist of analysis of Goods and Service tax, Customs and Excise.

#### Goods and Service Tax Amendments

##### Input Tax Credit

##### Insertion of the condition of availing Input Tax Credit - Sec 16(2) (ba)

A clause has been inserted in condition for availing input tax credit only if such credits are not restricted in the details as communicated under section 38. “(ba) the details of input tax credit in respect of the said supply communicated to such registered person under section 38 has not been restricted”.

##### Analysis

To implement the purpose of GSTR-2B and enable the recipient of supplies to avail the ITC strictly in accordance with the auto-generated reports based on corresponding outward supplies filed by the supplier, this clause has been inserted.

##### Extend the time limit for availing input tax credit - section 16(4)

The date for availing input tax credit for the financial year shall be extended to 30th November following the end of the financial year from the due date of filing return for September following the end of the financial Year.

##### Analysis

Earlier the taxpayer could avail input tax credit against the invoice for a financial year only up to the date of filing the return for September following the end of the financial year to which such invoices pertain. This period has been extended up to 30th November following the end of the financial year.

##### Cancellation and Suspension of Registration

##### Cancellation for default in returns by Composite Dealers – Sec 29(2)(b)

For ensuring compliances a stricter clause has been inserted to provide that the proper officer can cancel the registration of a person registered as Composite Dealer if the default of filing return for a financial year beyond three months from the due date of furnishing the said return.

##### Analysis

Earlier the proper officer could cancel the registration of a Composite Dealer if he had defaulted in filing returns for three consecutive tax periods.





### Cancellation for default in returns by registered person other than composite dealers – Sec 29(2)(c)

For making compliances stricter for the registered persons other than the Composite dealer the clause has been amended to provide that the proper officer can cancel the registration of a person other than the person paying tax u/s 10 if the default of filing return for a continuous period as may be prescribed.

#### Analysis

Earlier the proper officer could cancel the registration of a registered person other than the person registered as Composite Dealer if he had defaulted in filing returns for a continuous period of six months but after this amendment, the period of default will be prescribed separately through notifications.

#### Credit Notes

### Extends the time limit for disclosing Credit-Note – Sec 34(2)

#### Analysis

This section has been amended to extend the time limit for disclosing the Credit-Note for the financial year from September month following the end of the financial year to the 30th November following the end of the financial year.

#### Furnishing the details of Outward Supplies

Amended section 37(1) for providing some conditions and restrictions for filing GSTR-1

Removed the first proviso of section 37(1) for enabling the taxpayer to file GSTR-1 during the period 11th to 15th of the subsequent month.

Omitted section 37(2) for implementing new provisions of section 38

Amended proviso of section 37(3) to extend the time limit for rectification of error or omission from the September following the end of the financial year to the 30th November following the end of the financial year.

#### Analysis

This amendment is brought in to put some conditions and restrictions for filing GSTR-1 which are prescribed separately through notifications.

Earlier the taxpayer was not allowed to file GSTR-1 during the period 13th to 15th of the subsequent month. Now this restriction has been removed.

Further, the time limit for making corrections and rectifying errors and omissions has been extended to 30th November following the end of the financial year from September month.



### Inserted section 37(4)

“(4) A registered person shall not be allowed to furnish the details of outward supplies under sub-section (1) for a tax period if the details of outward supplies for any of the previous tax periods has not been furnished by him:

Provided that the Government may, on the recommendations of the Council, by notification, subject to such conditions and restrictions as may be specified therein, allow a registered person or a class of registered persons to furnish the details of outward supplies under sub-section (1), even if he has not furnished the details of outward supplies for one or more previous tax periods.”.

### Analysis

A condition has been put to restrict the taxpayer from filing GSTR-1 if the GSTR-1 of previous tax periods has not been filed.

Further, the government may allow any class of registered person to file GSTR-1 even if GSTR-1 of the previous tax period has not been filed.

### Furnishing Details of Inward Supplies

#### Amendment in section 38

“38. (1) The details of outward supplies furnished by the registered persons under sub-section (1) of section 37 and such other supplies as may be prescribed, and an auto-generated statement containing the details of the input tax credit shall be made available electronically to the recipients of such supplies in such form and manner, within such time, and subject to such conditions and restrictions as may be prescribed. (2) The auto-generated statement under sub-section (1) shall consist of—

(a) details of inward supplies in respect of which credit of input tax may be available to the recipient; and

(b) details of supplies in respect of which such credit cannot be availed, whether wholly or partly, by the recipient, on account of the details of the said supplies being furnished under sub-section (1) of section 37,—

(i) by any registered person within such period of taking registration as may be prescribed; or

(ii) by any registered person, who has defaulted in payment of tax and where such default has continued for such period as may be prescribed; or

(iii) by any registered person, the output tax payable by whom in accordance with the statement of outward supplies furnished by him under the said subsection



during such period, as may be prescribed, exceeds the output tax paid by him during the said period by such limit as may be prescribed; or

(iv) by any registered person who, during such period as may be prescribed, has availed credit of input tax of an amount that exceeds the credit that can be availed by him in accordance with clause (a), by such limit as may be prescribed; or

(v) by any registered person, who has defaulted in discharging his tax liability in accordance with the provisions of sub-section (12) of section 49 subject to such conditions and restrictions as may be prescribed; or

(vi) by such other class of persons as may be prescribed.”.

### Analysis

With the implementation of GSTR-2B and auto-generated reports based on the details of outward supplies furnished by the registered person, the earlier provision of section 38 has been absconded.

To synchronize the provision of the act with the process of the availing input tax credit from GSTR-2B the provision of section 38 is being substituted for prescribing the manner as well as conditions and restrictions for communication of details of inward supplies and input tax credit to the recipient through an auto-generated statement and to do away with two-way communication process in return filing.

### Furnishing of Return

#### **Return by non-resident taxable person – Sec 39(5)**

Earlier the non-resident taxable person was required to furnish return electronically within 20 days after the end of the calendar month but vide this amendment such time limit is reduced to thirteen days.

### Analysis

This amendment was made to make compliance stricter for non-resident taxable persons.

#### **Amendment in the provision of Sec 39(9)**

This amendment was made to provide the extension in the time limit for rectification of any omission or incorrect particulars therein from the due date for furnishing of return for September or second quarter following the end of the financial year to 30th November following the end of the financial year.

#### **Amendment in the provision of Sec 39(10)**

This amendment was made to restrict the taxpayer from filing GSTR-3B if the GSTR-1 for the said tax period has not been filed. Further, the government may allow any class of person to file GSTR-3B even if GSTR-1 has not been filed by him.



### Claim of input tax credit and provisional acceptance thereof

#### Amendment in Section 41

“41. (1) Every registered person shall, subject to such conditions and restrictions as may be prescribed, be entitled to avail the credit of eligible input tax, as self-assessed, in his return and such amount shall be credited to his electronic credit ledger.

(2) The credit of input tax availed by a registered person under sub-section (1) in respect of such supplies of goods or services or both, the tax payable whereon has not been paid by the supplier, shall be reversed along with applicable interest, by the said person in such manner as may be prescribed:

Provided that where the said supplier makes payment of the tax payable in respect of the aforesaid supplies, the said registered person may re-avail the amount of credit reversed by him in such manner as may be prescribed.”

#### Analysis

The input tax credit can be availed by the taxpayer on a self-assessed basis and the amount is credited in his electronic credit ledger but the same has been required to be reversed along with interest if the same has not been reflected in GSTR-2B or reflected under restricted category.

Further, the said ITC can be re-availed on successful payment of tax by the supplier.

### Payment of tax, interest, penalty and other amounts Amendment in Section 49(10)

“(10) A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under this Act, to the electronic cash ledger for,—

(a) integrated tax, central tax, State tax, Union territory tax or cess; or

(b) integrated tax or central tax of a distinct person as specified in sub-section (4) or, as the case may be, subsection (5) of section 25, in such form and manner and subject to such conditions and restrictions as may be prescribed and such transfer shall be deemed to be a refund from the electronic cash ledger under this Act: Provided that no such transfer under clause (b) shall be allowed if the said registered person has any unpaid liability in his electronic liability register.”

#### Analysis

Earlier the taxpayer was allowed to transfer the balance amount in its electronic cash ledger to any other head of cash ledger.

After this amendment, a taxpayer can make a transfer of the balance of its cash ledger to any head of cash ledger of its distinct person (different registration of



same PAN).

No such transfer is allowed if any liability is unpaid in its electronic liability ledger.

### Insert Section 49(11)

**“(12) Notwithstanding anything contained in this Act, the Government may, on the recommendations of the Council, subject to such conditions and restrictions, specify such maximum proportion of output tax liability under this Act or under the Integrated Goods and Services Tax Act, 2017 which may be discharged through the electronic credit ledger by a registered person or a class of registered persons, as may be prescribed.”**

### Analysis

This provision is inserted to provide for prescribing the maximum proportion of output tax liability which may be discharged through the electronic credit ledger.

### Interest on delayed payment of tax

Interest on wrong availed Input tax credit – Sec 50(3)

“(3) Where the input tax credit has been wrongly availed and utilized, the registered person shall pay interest on such input tax credit wrongly availed and utilized, at such rate not exceeding twenty-four per cent. as may be notified by the Government, on the recommendations of the Council, and the interest shall

be calculated, in such manner as may be prescribed.”.

### Analysis

Earlier the interest provision is applicable on an undue or excess claim of the input tax credit. Now, this amendment is to provide the interest liability on the input tax credit which is wrongly availed and utilized.

### Refund

#### Amendment in Section 54

### Analysis

Section 54 of the CGST Act is being amended to:

- (i) explicitly provide that refund claim of any balance in the electronic cash ledger shall be made in such form and manner as may be prescribed
- (ii) provide the time limit for claiming refund of tax paid on inward supplies of goods or services or both under section 55 as two years from the last day of the quarter in which the said supply was received
- (iii) extend the scope of withholding of or recovery from refunds in respect of all types of refund
- (iv) provide clarity regarding the relevant date for filing a refund claim in respect of supplies made to a Special Economic Zone developer or a Special Economic Zone unit by way of insertion of a new sub-clause (ba) in clause (2) of Explanation thereto.





## Custom Amendments

### Amendment in Section 2(34)

This section is being modified to specifically state that assignment of functions to an officer of Customs by the Board or the Principal Commissioner of Customs or the Commissioner of Customs shall be done under the newly inserted sub-section (1A) and (1B) of Section 5 in the Customs Act, 1962 (52 of 1962).

### Amendment in Section 3

This section is being amended to specifically include the officers of DRI, Audit and Preventive formation in the class of Officers. This amendment has been made to remove any ambiguity as regards the class of officers of Customs.

### Insert Section 5(1A) and 5(1B)

Sub-section (1A) and (1B) have been inserted in section 5 of the Act to explicitly provide the power of assignment of function to officers of customs by the Board or as the case may be by the Principal Commissioner of Customs or Commissioner of Customs. This amendment has been necessitated to correct the infirmity observed by the Courts in recent judgments that the Act required explicit provision conferring powers for assignment of function to officers of Customs as “proper officers” for the Act, besides the definition clause (34) in section 2 of the Customs Act

### Insert Section 5(4)

This section is being inserted to delineate the criteria which the Board may adopt while imposing limitations or conditions under sub-section (1) or while assigning functions under sub-section (1A) to the officer of Customs. For instance, one of the limitations/conditions that the Board currently imposes on “officers of Customs” is that they are required to operate within a specified territorial jurisdiction. However, with the launch of faceless assessments and other trade facilitation initiatives wherein, for instance, a need is felt for the development of industry-specific expertise in assessments the Board may need to confine jurisdiction to certain goods or classes of goods.



### **Insert Section 5(5)**

This section is being inserted to ensure that wherever necessary, for the proper management of work, two or more officers of customs, can concurrently exercise powers and functions (for example in the case of faceless assessment)

### **Amendment in Section 14**

This section is being amended to include provisions for rules enabling the Board to specify the additional obligations of the importer in respect of a class of imported goods whose value is not being declared correctly, the criteria of selection of such goods, and the checks in respect of such goods. This amendment is a measure to address the issue of undervaluation in imports.

### **Amendment in Section 28H**

This section is being amended to make provisions for prescribing appropriate fees by Board relating to the application for advance Ruling and also give flexibility to the applicant to withdraw his application at any time before a ruling is pronounced from the current 30 days' time period. Consequently, sub-section (3) is being omitted.

### **Substitute Section 28J(2)**

This section is being substituted so that advance ruling under sub-section (1) of Section 28J is now valid for three years or till there is a change in law or facts based on of which the advance ruling has been pronounced, whichever is earlier.

A proviso is also being inserted to provide that the advance rulings in force on the date on which the Finance Bill, 2022 receives assent of the President, the said period of three years shall be reckoned from the date on which the Finance Bill receives assent of the President.

### **Insert Section 110AA**

This section is being inserted to affirm the principle that, wherever, an original function duly exercised by an officer of competent jurisdiction, is the subject matter of a subsequent inquiry, investigation, audit or any other specified purpose by any other officer of customs, then, notwithstanding, such inquiry, investigation, audit or



any other purpose, the officer, who originally exercised such jurisdiction shall have the sole authority to exercise jurisdiction for further action like reassessment, adjudications, etc. consequent to the completion of such inquiry, investigation, audit or any other purpose.

### Insert Section 135AA

This section is being inserted to protect the import and export data submitted to Customs by importers or exporters

### Key Changes in Custom Duty

Commodity	Pre Budget	Post Budget
<b>Agricultural Products and By Products</b>		
Live Black tiger shrimp ( <i>Penaeus monodon</i> )	30%	10%
Frozen Krill	30%	15%
Algal Oil for manufacturing of aquatic feed	30%	15%
<b>Fuels, Chemicals and Plastics</b>		
Fuel oil	5%	2.5%
Straight run fuel oil	5%	2.5%
Low sulphur wax residue	5%	2.5%
Vacuum residue, Slurry	5%	2.5%
Vacuum gasoil	5%	2.5%
Sodium cyanide	7.5%	10%
<b>Paper</b>		
Recovered (waste and scrap) paper or paperboard for use in manufacturing of paper, paperboard or newsprint	NIL	2.5%
<b>Gems and Jewellery Sector</b>		
Simply Sawn Natural Diamonds imported under Kimberley Process Certification Scheme (KPCS)	Applicable Rate	NIL
Cut and Polished Diamonds	7.5%	5%
Cut and Polished Natural Gemstones	7.5%	5%



<b>Metals</b>		
Iron and steel scrap, including stainless steel scrap [Exemption hitherto available till 31.3.2022 is being extended up to 31.03.2023 upto 31.3.20]	NIL [upto 31.3.2022]	NIL [upto 31.3.2023]
<b>Electrical and Electronics Sector</b>		
Camera lens for use in manufacture of Camera Module for Cellular Mobile Phone	10%/15%	2.5%
Specified parts for use in manufacture of transformers of chargers/adapters	10%/15%	5%
Copper/Aluminium based Copper clad laminate for use in manufacture of PCB/MCPCB	5%/7.5%	NIL
Following items used in manufacture of X-ray items: a) X-Ray grid b) Multi Leaf Collimator/ Iris c) Static User Interface	5%	10%
X-Ray Machines	7.5%	10%
<b>Toys</b>		
Parts of electronic toys for manufacture of electronic toys	15%	25%
<b>Capital Goods</b>		
S. G. Ingot Castings used in manufacturing of Plastic Processing Machinery	10%	7.5%



### Proposals involving changes in effective basic customs duty rates in respect of phased manufacturing program [pmp] with respect to specific electronic goods

PMP for Wrist Wearable Devices (Smart watches)						
S.No.	Commodity	Pre Budget	Post Budget			
			2022-23	2023-24	2024-25	2025-26
1.	<b>Printed Circuit Board Assembly (PCBA)</b>		NIL	10%	15%	15%
2.	Charging Cable	10%	NIL	5%	10%	15%
3.	Specified parts of wearable devices	As per CTH	NIL	5%	10%	15%
4.	Battery	15%	NIL	5%	10%	15%
	Display Assembly	NIL	NIL	NIL	5%	10%
6.	Vibrator Motor	10%	10%	10%	10%	10%
7.	Parts, sub-parts, and raw materials for use in the manufacture of the S. Nos 1 to 6 above	As per CTH	NIL	NIL	NIL	NIL
8.	Wrist Wearable Devices (Commonly known as Smart Watches)	20%	20%	20%	20%	20%
PMP for Hearable Devices						
1.	PCBA	for	Hear-able Device	10%	NIL	10%
2.	<b>USB Cable</b>	10%	15%	15%	15%	15%
3.	Specified parts of hearable devices	As per CTH	NIL	5%	10%	15%
4.	Battery	15%	NIL	5%	10%	15%





5.	Speaker Assembly (Pre-assembled speaker driver with protective mesh, but not including PCBA or battery)	10%	NIL	NIL	5%	10%
6.	Parts, sub-parts, and raw materials for use in the manufacture of the S. Nos 1, 3, 4, and 5 above	As per CTH	NIL	NIL	NIL	NIL
7.	Hearable Devices	15%	20%	20%	20%	20%
<b>PMP for Smart Meters</b>						
1.	Assembled / Populated PCB for Smart Meters	7.5%	20%	20%	20%	20%
2.	Communication Module	10%	NIL	NIL	5%	10%
3.	Relay	10%	5%	10%	10%	15%
4.	Antenna	NIL	NIL	NIL	5%	10%
5.	LCD & Backlight for LCD	15%	NIL	5%	10%	10%
6.	Battery	10%	NIL	5%	10%	10%

# REGULATORY CHANGES

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## EASE OF DOING BUSINESS (EODB) 2.0

To improve productive efficiency of Capital and human resources and trust-based governance to be introduced.

LATIONS



### Regulatory Changes

Ease of Doing Business (EODB) 2.0 to be launched to improve productive efficiency of Capital and human resources and trust-based governance to be introduced.

Following are some proposals for Insolvency and Bankruptcy Code and MSME of the Union Budget 2022:

#### Insolvency and Bankruptcy Code

- IBC to be amended to enhance the efficiency of the resolution process and facilitate cross border insolvency resolution.
- Establishing Centre for Processing Accelerated Corporate Exit (C-PACE) with process re-engineering, to facilitate and speed up the voluntary winding-up of these companies from the currently required 2 years to less than 6 months.

#### MSME

- Udyam, e-Shram, NCS and ASEEM portals will be interlinked. Their scope will be widened. They will now perform as portals with live, organic databases, providing G2C, B2C and B2B services. These services will relate to credit facilitation, skilling, and recruitment with an aim to further formalise the economy and enhance entrepreneurial opportunities for all.
- Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) scheme will be revamped

with a required infusion of funds. This will facilitate additional credit of ` 2 lakh crore for Micro and Small Enterprises and expand employment opportunities.

- ECLGS to be extended up to March 2023.
- Guarantee cover under ECLGS to be expanded by Rs 50,000 Crore to a total cover of Rs 5 Lakh Crore.
- Raising and Accelerating MSME performance (RAMP) program with an outlay of Rs 6000 Crore to be rolled out.

#### Special Economic Zones

The Special Economic Zones Act will be replaced with a new legislation that will enable the states to become partners in 'Development of Enterprise and Service Hubs'. This will cover all large existing and new industrial enclaves to optimally utilise the available infrastructure and enhance the competitiveness of exports.

AIF	Alternative Investment Funds	GFCE	Government Final Consumption Expenditure
AOP	Association of Persons	HUF	Hindu Undivided Family
AY	Assessment Year	INR	Indian Rupee
AO	Assessing Officer	ITC	Input tax credit
AMT	Alternate Minimum Tax	IFSC	International Financial Services Centre
BOI	Body of Individuals	IGST	Integrated Goods and Services Tax
BE	Budget Estimates	MSME	Medium small scale enterprises
CAD	Current Account Deficit	NBFC	Non Banking Finance Company
CBDT	Central Board of Direct Taxes	PE	Permanent Establishment
CBIC	Central Board for Indirect Taxes and Customs	R&D	Research & Development
CPI	Consumer Price Index	RBI	Reserve Bank of India
CSO	Central Statistics Organisation	SEBI	Security Exchange Board of India
CGST	Central Goods and Services Tax	SEZ	Special Economic Zone
CIT	Commissioner of Income Tax	SGST	State Goods and Services Tax
COVID-19	Coronavirus disease-19	RE	Revised Estimates
DDT	Dividend Distribution Tax	SHE	Secondary Higher Education Cess
DRI	Directorate of Revenue Intelligence	TDS	Tax deducted at source
DRP	Dispute Resolution Panel	TCS	Tax collection at source
EC	Education Cess	UTs	Union Territories
FIPB	Foreign Investment Promotion Board	UTGST	Union Territory Goods and Services Tax
FY	Financial Year	WHT	Withholding Taxes
FDI	Foreign Direct Investment	WPI	Whole sale Price Index
GDP	Gross Domestic Product	PFCE	Private Final Consumption Expenditure

Creore : One Creore INR is equivalent to INR 10 Million / 0.15 Million US dollars



**Dear Valuable Client / Colleague,**

In case you require any further detailed analysis on above mentioned proposals, please do get back to us and we shall be happy to provide you the same.

**With Best Regards,  
Team JPC**

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JPC is a professional services firm based in Noida-National Capital Region and New Delhi, India. We were established in the year 1974 with the aim to create value for our clients by delivering quality, comprehensive, timely, practical and innovative services. We offer a comprehensive range of services, including taxation services, regulatory services, transaction advisory services, financial & management consultancy services, assurance & risk services, and outsourcing services. Over the past several decades, we have established significant competitive presence in the country. Our vast and diversified client base includes Multinational enterprises, domestic companies, high net worth individuals, government companies and institutions in all leading industry verticals. We are a team of distinguished Chartered Accountants, Management Accountants, Corporate Financial Advisors and Tax Consultants. Our team has the requisite skills and experience to provide complex business, financial, assurance, tax and regulatory services to our clients. Our strength lies in our timely performance-based, industry-tailored and technology-enabled services which are delivered by some of the most talented professionals in the country. For more information about JPC's service offerings, visit [www.jpc.co.in](http://www.jpc.co.in)

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