

BUDGET 2021

DHIREN SHAH & CO.

Chartered Accountants

2nd Floor, Swastik Avenue, Opposite Omkar House,
Near Swastik Society, Navrangpura, Ahmedabad - 380009.
+91 9879790999 | www.dhirenshahandco.com | karanshahca@gmail.com

TABLE OF CONTENTS

PREFACE.....	1
BUDGET HIGHLIGHTS.....	2
Direct Taxes	2
DIRECT TAX.....	3
Income Tax Rates.....	3
Income not Forming Part of Total Income.....	6
Income from Business and Profession	7
Capital Assets and Capital Gains	10
Deductions	11
Special Provisions.....	11
Provisions in Relation to Administration and Assessment	12
Authority for Advance Ruling	18
Constitution of Dispute Resolution Committee for Small and Medium Taxpayers	20
Others	21
VIVAD SE VISHWAS SCHEME.....	21
General	22-32

PREFACE

Dear
Readers,

2020 is a year of change, of working, of living, of socializing, of moving the globe and many other things This 360 degree change requires the world to advance It showed that 'change is continuous,' and you must adopt it and work hard to make progress.

Incoming years, the global challenges and possibilities offered by the pandemic will be a landmark In terms of business models, cultures, and staff, the world has seen radical changes Innovation has always been a key to the success of agile and customer centered business leaders and organizations The new year 2021 brings new hopes and a new normal has evolved The world is closely reviewing the budget of this year, as India is not just seen as a destination for investments but as the preferred destination for growth.

Today, Srimati Nirmala Sitharaman, Honorable Minister of Finance, presented the first budget of this new decade with a vision for Atma Nirbhar Bharat, like Ancient India, that was largely self reliant and a business epicenter in the world The 2021 2022 budget proposals are based on six pillars.

- Health and Wellbeing
- Physical Financial Capital, and Infrastructure
- Inclusive Development for Aspirational India
- Reinvigorating Human Capital
- Innovation and R&D
- Minimum Government and Maximum Governance

We are publishing our firm s first budget analysis on key announcements as we begin our journey through this new normal with a defined vision, mission and goals to support innovative solutions for Businesses, Government and Societies

We wish you Safe and Healthy life!!!

BUDGET HIGHLIGHTS

DIRECT TAXES

- Income Tax Rates remain unchanged.
- Various amendments in Section 10 related to Exempt Income
- Abolish the concept of Goodwill and amendments in various provisions related to same
- Disallowance on Non payment or late payment of Employee Contribution of fund
- Increase in safe harbor limits for home buyers and Real estate developers for residential house
- Limit of turnover for tax audit increased to INR 10 crore from INR 5 crore for entities carrying out 95% transactions digitally
- Time limit extended by 31.03.2022 for deduction in respect of interest on home loan.
- Time limit extended by 31.03.2022 for approval of affordable housing project.
- Time limit extended by 01.04.2022 for incorporation of start-up companies.
- Deduction of Affordable Rental Housing u/s 80IBA
- Reduction in time limit for sending intimation
- Time limit for re-opening cases reduced to 3 years from 6 years.
- Serious tax evasion cases, with evidence of concealment of income of INR 50 lakh or more in a year, to be re-opened up to 10 years
- Reduction in time limit of assessment proceedings
- Discontinuation of Settlement Commission and Authority for Advance Ruling and setting up of Interim Board
- Faceless proceedings before ITAT introduced.
- Exemption to senior citizen for filling of ITR subject to condition.
- Constitution of Dispute Resolution committee for Small & Medium tax payers.

DIRECT TAX

INCOME TAX RATES

For individuals, HUF, AOP, BOI

No changes have been proposed in the personal tax rate. Accordingly, the rate of tax as applicable for AY 2022-23 is as under:

Income (INR)	Existing and Proposed Rates (%)		
	Individuals (Age < 60 years) and HUF, BOI, AOP	Individual senior citizens (Age > 60 years < 80 years)	Individual super senior citizens (Age > 80 years)
0 – 250,000	NIL	NIL	NIL
250,001 – 300,000	5	NIL	NIL
300,001 – 500,000	5	5	NIL
500,001 – 1,000,000	20	20	20
1,000,001 and above	30	30	30

No changes have been proposed in the new regime of taxation under Section 115BAC of the IT Act. Accordingly, the rate of tax as applicable for AY 2022-23 is as under:

Income (INR)	Existing and Proposed Rates (%)
	Individuals and HUF
0 - 250,000	NIL
250,001 - 500,000	5
500,001 - 750,000	10
750,001 - 1,000,000	15
1,000,001 - 1,250,000	20
1,250,001 – 1,500,000	25
1,500,001 and above	30

Rebate, Surcharge & Cess

Sr. No.	Particulars	Existing & Proposed
1	Rebate	<ul style="list-style-type: none"> INR 12,500 – If total income does not exceed INR 500,000
2	Surcharge (for income other than Capital Gains and income by way of dividend)	<ul style="list-style-type: none"> 10% - If total income > INR 5 million but ≤ INR 10 million 15% - If total income > INR 10 million, but ≤ INR 20 million 25% - If total income > INR 20 million, but ≤ INR 50 million 37% - If total income > INR 50 million
3	Surcharge (for Capital Gains – i.e. Section 111A, 112A & 115AD(1)(b) and income by way of dividend)	<ul style="list-style-type: none"> 10% - If total income > INR 5 million but ≤ INR 10 million 15% - If total income > INR 10 million
4	Cess - Health and Education cess	<ul style="list-style-type: none"> 4%

5	AMT (including surcharge and cess)	19.24% - If adjusted total income > INR 2 million, but ≤ INR 5 million ▪ 21.16% - If adjusted total income > INR 5 million, but ≤ INR 10million ▪ 22.13% - If adjusted total income > INR 10 million, but ≤ INR 20million ▪ 24.05% - If adjusted total income > INR 20 million, but ≤ INR 50million ▪ 26.36% - If adjusted total income > INR 50million
---	---------------------------------------	---

For Companies, Firms, LLP

Sr. No.	Description	Existing rates (%) (Including surcharge & Cess)			Proposed rates (%) (Including surcharge & Cess)		
(A)	Domestic Companies	Net income ≤ INR 1 crore	Net Income > INR 1 crore, but ≤ INR 10 crore	Net income > INR 10 crore	Net income ≤ INR 1 crore	Net Income > INR 1 crore, but ≤ INR 10 crore	Net income > INR 10 crore
1	Turnover or gross receipts in previous year 2019-20 ≤ INR 400 crore (base rate – 25%)	26.00	27.82	29.12	26.00	27.82	29.12
2	Covered under Section 115BA (base rate – 25%)	26.00	27.82	29.12	26.00	27.82	29.12
3	Covered under Section 115BAA (base rate – 22%)	25.17			25.17		
4	Covered under Section 115BAB (base rate – 15%)	17.16			17.16		
5	Any other Company having turnover or gross receipts in previous year 2019-20 > INR 400 crore (base rate – 30%)	31.20	33.38	34.94	31.20	33.38	34.94
6	MAT under Section 115JB for companies other than that covered under Section 115BAA and 115BAB (Rate to be applied on book profits – base rate 15%)	15.60	16.69	17.47	15.60	16.69	17.47
7	BBT under Section 115QA (base rate -20%)	23.30			23.30		

(B)	Foreign Companies	Net income ≤ INR1 crore	Net Income > INR 1 crore, but ≤ INR 10 crore	Net income > INR 10 crore	Net income ≤ INR 1 crore	Net Income > INR 1 crore, but ≤ INR 10 crore	Net income > INR 10 crore
1	Regular tax (base rate – 40%)	41.60	42.43	43.68	41.60	42.43	43.68
(C)	Firms and LLP	Net income ≤ INR 1 crore		Net income > INR 1 crore	Net income ≤ INR1 crore	Net income > INR 1 crore	
1	Regular tax (base rate – 30%)	31.2		34.94	31.2	34.94	
		Adjusted total income ≤ INR 1 crore		Adjusted total income > INR 1 crore	Adjusted total income ≤ INR1 crore	Adjusted total income > INR 1 crore	
2	AMT (base rate – 18.5%)	19.24		21.55	19.24	21.55	

Surcharge and Cess

Particulars	Existing & Proposed
Other domestic companies	<ul style="list-style-type: none"> NIL - If total income ≤ INR 1crore 7% - If total income > INR 1 crore, but ≤ INR 10crore 12% - If total income > INR 10crore
For Domestic companies covered under Section 115BAA and Section 115BAB of the IT Act	<ul style="list-style-type: none"> 10% - Irrespective of the amount of total income
For Foreign companies	<ul style="list-style-type: none"> NIL - If total income ≤ INR 1crore 2% - If total income > INR 1 crore, but ≤ INR 10crore 5% - If total income > INR 10crore
For Firms and LLP	<ul style="list-style-type: none"> 12% - If total income > INR 1crore
Cess - Health and Education cess	<ul style="list-style-type: none"> 4%

INCOME NOT FORMING PART OF TOTAL INCOME

Amendment in Section 10(5) – Exemption for LTC Cash Scheme

- Section 10(5) of the IT Act is proposed to be amended to provide tax exemption to cash allowance in the hands of individuals if any value or assistance is received by or due to such individual in lieu of any travel concession subject to fulfillment of conditions as may be prescribed.

Amendment in Section 10(10D) - Taxation of proceeds of high premium unit linked insurance policy (ULIP)

- Section 10(10D) of the IT Act is proposed to be amended to provide for exemption on receipt of any sum under a ULIP is sue donor after February 1, 2021, only If the amount of premium payable for any of the previous years during the term of the policy does not exceed Rs. 2.5 lakhs. However, any sum received from a ULIP shall be exempt if the same is received pursuant to death irrespective of the amount of the premium.
- If the premium payable by a person for more than one ULIPs issue donor after February 1, 2021, exempt under this clause shall be available only with respect to such policies, the aggregate premium whereof does not exceed the amount of Rs. 2.5 lakhs for any previous years during the term of any of the policy.
- Section 2(14) and Section 45 of the IT Act are proposed to be amended to provide for deemed taxation of profit and gains from the redemption of ULIP (to which exemption under Section 10(10D) does not apply) as capital gains and shall be deemed to be income of the previous year in which such amount was received and the income taxable shall be calculated as may be prescribed.

INCOME FROM BUSINESS AND PROFESSION

Amendment in Section 10(50) and Equalization levy

- Section 10(50) of the IT Act is proposed to be amended to provide that
 - This Section is applicable from April 1, 2020.
 - The Explanations shall be substituted as below:
 - By Explanation 1 it is proposed to be clarified that the income referred to in this clause shall not include and shall be deemed to have never included income which is chargeable to tax as royalty or FTS in India under the IT Act or DTAA.
 - By Explanation 2, while “e-commerce supply or services” is given the meaning assigned to it in clause (cb) of section 164 of the Finance Act, 2016, “specified service” is given the meaning assigned to it in clause (i) of the same.
 - Clause (cb) of section 164 of the Finance Act, 2016 proposed to add that “online sale of goods” and “online provision of services” shall include one or more of the following online activities:
 - (a) acceptance of offer for sale; or
 - (b) placing the purchase order; or
 - (c) acceptance of the purchase order; or
 - (d) payment of consideration; or
 - (e) supply of goods or provision of services partly or wholly;

Amendment to Section 2(11), 32, 50 and 55 of the IT Act – In relation to Goodwill

- Clause (11) of Section 2 of the IT Act, which defines ‘block of assets’, is proposed to be amended to exclude ‘goodwill of business or profession’ from such definition.
- Similarly, Section 32 of the IT Act is proposed to be amended to exclude goodwill of a business or profession from the category of depreciable assets.
- Further, a proviso is proposed to be inserted in Clause (2) of Section 50 of the IT Act, to provide that in a case where goodwill of a business or profession formed part of a block of asset for the AY beginning on the April 1, 2020 and depreciation has been obtained by the assessee under the IT Act, the written down value of that block of asset and short term capital gain, if any, shall be determined in the manner as may be prescribed.
- Also, Clause (a) of Sub-section (2) of Section 55 of the IT Act is proposed to be substituted, to provide for the manner of determination of the cost of acquisition of goodwill of a business or profession, or a trade mark brand name associated with a business or profession, or a right to manufacture etc.

Amendment in Section 36(va) and 43B – Payment to Employee contribution fund by an Employer

- Section 43B of the IT Act is proposed to be amended by introducing an Explanation after Explanation 4 to clarify that Section 43B of the IT Act shall not apply to sum received by an assessee from his employees as contributions to any provident fund or super annuation fund or any fund set-up under the Employees State Insurance Act, 1948.
- Further, Section 36 of the IT Act is proposed to be amended by introducing an Explanation under clause (va) after the existing Explanation to clarify that Section 43B shall not apply to determine the due date under the said clause.

Amendment in Section 43CA and 56 – Increase in safe harbour limit for home buyers and Real Estate Developers

- It is proposed to insert a new proviso in Section 43CA(1) of the IT Act, to increase the safe harbour limit from 10% to 20% in case of transfer of a 'residential unit' subject to fulfillment of the following conditions:
 - Transfer takes place between November 12, 2020 to June 30, 2021;
 - The transfer is by way of first-time allotment to any person; and
 - The consideration should not exceed 2 crore rupee.
- The term 'residential unit' has been defined to mean an independent housing unit with separate facilities for living, cooking and sanitary requirement, distinctly separated from other residential units within the building which is directly accessible from an outer door or through an interior door in a shared hallway and not by walking through the living space of another household.
- Consequential relief also provided to the buyers of these 'residential units' by way of an amendment to Section 56(2)(x) of the IT Act by increasing the safe harbour limit from 10% to 20%.

Amendment to Section 44AB – Rationalization of Provisions relating to Tax audit in Certain cases

Section 44AB of the IT Act, require every person carrying on business to get its accounts audited, if The total sales, turnover or gross receipts exceed Rs. 10 crore in any previous year.

- Further, the threshold limit for a person carrying on business is increased from Rs. 10 crore to Rs. 50 crore, where aggregate of all receipt in cash during the previous year does not exceed 5% of such receipt and aggregate of all payments in cash during the previous year does not exceed 5% of such payment.
- It has been proposed to increase the threshold limit of tax audit in specified cases from Rs. 5 crore to Rs. 10 crore.

Amendment in Section 44ADA - Rationalization of Provisions of Presumptive Taxation for Professionals

- Section 44ADA(1) of the IT Act is proposed to be amended to clarify that the presumptive taxation of profits and gains for profession shall not apply to LLP as defined under Section (1)(n) of the LLP Act.

CAPITAL ASSETS & CAPITAL GAINS

Amendment in Section 45 (4) and 45(4A) and Section 48 - Rationalization of provision of transfer of capital asset to partner on dissolution or reconstitution

- It is proposed to substitute Section 45(4) of the IT Act and insert new section 45(4A) to compute tax on capital gains arising from dissolution or reconstitution of firms in the hands of firms.

Section	In case of transfer of	Full Value of consideration for the purpose of Section 48	Cost of Acquisition
45(4)	Capital Asset	Fair Market value of capital asset on the date of such receipt	Cost of acquisition of such capital asset
45(4A)	Money and Other Assets	Value of money and fair market value of other assets on the date of such receipt	Balance in Capital Account of the Partner at the time dissolution or reconstitution

- Balance in capital account of the Partner to be calculated without taking into account increase in the capital account due to revaluation of any asset, or due to self-generated goodwill or any other self-generated assets.

DEDUCTIONS

Extension of time-limits u/s 80EEA, 80IAC, 80IBA

Section	Original due date	Revised due date
Section 80EEA- Deduction in respect of interest on loan taken for residential property	31 st March, 2021	31 st March, 2022
Section 80-IAC- Incorporation of start-up company	1 st April, 2021	1 st April, 2022
Section 80-IBA- Approval of Affordable Housing Project	31 st March, 2021	31 st March, 2022

Amendment in Section 80-IBA – Affordable Rental Housing

- Section 80-IBA of the IT Act is proposed to be amended to provide benefit of deduction to rental housing project which is notified by the Central Government in the Official Gazette and fulfils such condition as specified in the said notification.

SPECIAL PROVISIONS

Relief to NRIs with respect to income from retirement benefit account held in notified country (Section 89A)

- Section 89A is proposed to be inserted under the IT Act to address mismatch in taxation of income from specified overseas retirement accounts maintained by specified person in a notified country.
- Specified person is a person resident in India who has opened a retirement benefit account in a notified country while being a non-resident in India and a resident in that country.
- It is proposed that the said income shall be taxed in such manner and in such year as may be prescribed.

Amendment in Section 115JB – Rationalization of provisions of MAT

- Section 115JB of the IT Act is proposed to be amended to provide that dividend income earned by foreign companies shall be reduced from the book profit and expenditure in relation to such dividend earned by foreign companies shall be added to its book profit.
- It is further proposed to provide that in cases where past year income is included in books of account during the previous year on account of an APA or a secondary adjustment, the Assessing Officer shall, on an application made to him in this behalf by the assessee, recomputed the book profit of the past year(s) and tax payable, if any, during the previous year, in the prescribed manner. Further, the provision of Section 154 of the IT Act shall apply so far as possible and the period of four years specified in sub-Section (7) of Section 154 shall be reckoned from the end of the financial year in which the said application is received by the Assessing Officer.

PROVISIONS IN RELATION TO ADMINISTRATION AND ASSESSMENT

Amendment in Section 139

- Section 139 of the IT Act is proposed to be amended to provide the following:

Explanation 2 to Section 139 (1) is proposed to be amended to align the due date of filing of the return of income of the spouse of the partner with the partner and firm, if the account of such spouse are required to be audited under the IT Act or under any other law, if the provisions of Section 5A of the IT Act are applicable to such spouse.

Section 139(4) and (5) of the IT Act are proposed to be amended wherein the last date for filing of the belated and revised return can be filed three months before the end of the relevant AY or before the completion of the assessment whichever, is earlier.

A proviso to Section 139(9) of the IT Act dealing with defective return of income is proposed to be inserted, to provide the conditions provided under Section 139(9) of the IT Act shall not apply such class of assessee or shall apply with modifications, as may be specified.

Amendment in Section 142

- Section 142 of the IT Act is proposed to be amended to provide that any prescribed authority may issue a notice to conduct inquiry before the assessment, instead of empowering only the assessing officer.

Amendment in Section 143 – Reduction in Time Limit for Sending Intimation

- Section 143 of the IT Act is proposed to be amended to provide the following:

Adjustment on account of increase in income indicated in the audit report but not taken into account in computing the total income.

Reduction in time limit for sending intimation under Section 143(1) is reduced from one year to nine months from the end of the financial year in which the return of income is furnished.

Insertion of new Section 147, 148, 148A, 149, 151, and amendment to 151A, 153A, 153C

- Substituted Section 147 of the IT Act proposes to allow the Assessing Officer to assess or re-assess or re-compute any income escaping assessment for any AY (subject to the time limit for issuance of notice).

Substituted Section 148 of the IT Act proposes that before making any assessment or re-assessment or re-computation, a notice is required to be issued under Section 148 of the IT Act, which can be issued only when there is information with the Assessing Officer which suggests that the income chargeable to tax has escaped assessment in the case of the assessee for the relevant AY. Prior approval of specified authority is also required to be obtained before issuance of such notice by the Assessing Officer. The information for this purpose means any information which has been flagged in the case of an assessee by the risk management strategy formulated by the CBDT. Further, a final objection raised by the Comptroller and Auditor General of India to the effect that the assessment in the case of the assessee has not been in accordance with the provisions of the IT Act shall also be considered as information. Additionally, in search, survey or requisition cases initiated or made or conducted, on or after

April 1, 2021, it shall be deemed that the Assessing Officer has information which suggests that the income chargeable total has escaped assessment in the case of the assessee for the three AYs immediately preceding the AY relevant to the previous year in which such search is initiated or requisition is made or any material is seized or requisitioned or survey is conducted.

New Section 148A of the IT Act is proposed to be introduced which provides that before issuance of notice under Section 148 of the IT Act, the Assessing Officer shall conduct enquiries, if required, and provide an opportunity of being heard to the assessee. After considering his reply, the Assessing Office shall decide, by passing an order, whether it is a fit case for issue of notice under Section 148 of the IT Act and serve a copy of such order. The process of conducting enquiry and providing opportunity shall be undertaken after obtaining prior approval of the specified authority. The procedure as provided in Section 148A shall not be applicable to search or requisition cases. Once assessment or reassessment or re-computation has started the Assessing officer is proposed to be empowered to assess or reassess the income in respect of any issue which has escaped assessment and which comes to his notice subsequently in the course of the proceeding under this procedure notwithstanding that the procedure prescribed in Section 148A was not followed before issuing such notice for such income.

Substituted Section 149 of the IT Act proposes to provide for timelines for issuance of notice under Section 148 of the IT Act:

- No notice shall be issued if three years have elapsed from the end of the relevant AY unless the case falls in the specific cases;
- If the Assessing Officer has in his possession evidence which reveals that the income escaping assessment, represented in the form of asset, amounts to or is likely to amount to INR 50 lakhs or more, the notice can be issued beyond three years but not beyond ten years of the relevant AY. Notice under Section 148 of the IT Act cannot be issued at any time in a case for the relevant AY beginning on or before April 1, 2021, if such notice could not have been issued at that time on account of being beyond the time limit prescribed under this provision, as they stood immediately before the proposed amendment. Further, the above provisions will not be applicable in a case, where a notice under Section 153A or 153C is required to be issued in relation to a search or requisition. At the time of computing the period of limitation for issuance of notice under Section 148 of the IT Act, the time or extended time allowed to the assessee for providing an opportunity of being heard shall be excluded.

Specified authority shall mean Principal Commissioner or Principal Director or Commissioner or Director, if three years or less than three years have elapsed from the end of the relevant AY and Principal Chief Commissioner or Principal Director General or where there is no Principal Chief Commissioner or Principal Director General, Chief Commissioner or Director General, if more than three years have elapsed from the end of the relevant AY.

The provisions of Section 153A and Section 153C, of the IT Act are proposed to be made applicable to only to search initiated under section 132 of the IT Act or books of accounts, other documents or any assets requisitioned under Section 132A of the IT Act, on or before March 31, 2021.

Amendment in Section 153 – Reduction in time period for completion of assessment

- ❑ Section 153 of the IT Act is proposed to be amended to reduce the time period for completion of assessment proceedings to nine months from the end of AY in which the income was first assessable.

PROVISIONS IN RELATION TO ADMINISTRATION AND ASSESSMENT

ITSC proposed to be discontinued w.e.f. February 1, 2021 (Sections 245A to Section 245M)

- It is proposed to discontinue the ITSC with effect from February 1, 2021 and to constitute one or more Interim Board(s) for Settlement of pending applications.
- Applications which have not been declared as invalid under Section 245D(2C) and in respect of which no order has been issued under Section 254D(4) on or before January 31, 2021 are proposed to be treated as pending cases for Interim Boards.
- An order which was required to be passed by the ITSC under Section 245(2C) of the IT Act on or before January 31, 2021 to declare an application invalid but such order has not been passed before the afore said date, such application shall be deemed to be valid and treated as pending application
- All provisions pertaining to the exercise of powers and performance of functions by the ITSC including that of provisional attachment, exclusive jurisdiction, inspection of reports, power to grant indemnity etc. are proposed to be made applicable mutatis mutandis to the Interim Board for the purposes of disposal of pending applications and in respect of functions like rectification of orders for all order passed under sub-Section(4) of Section 245D of the IT Act. However, where the time-limit for amending any order or filing of rectification 1st application under Section 245(6B) of the IT Act expires on or after February 1, 2021, in computing the period of limitation, the period commencing from February, 2021 and ending on the end of the month in which the Interim Board is constituted shall be excluded and the remaining period shall be extended to sixty days, if less than sixty days
- Applicants of pending cases are proposed to be given an option to withdraw their applications within a period of three months from the commencement of Finance Act, 2021 and intimate the same to the Assessing Officer. Where the option for withdrawal of application is not exercised by the assessee within the time allowed, the pending application shall be deemed to have been received by the Interim Board on the date on which such application is allotted or transferred to the Interim Board.
- The Board may, by an order, allot any pending application to any Interim Board and may also transfer, by an order, any pending application from one Interim Board to another Interim Board. Where the pending application is allotted to an Interim Board or transferred to another Interim Board subsequently, all the records, documents or evidences, with whatever name called, with the ITSC shall be transferred to such Interim Board and shall be deemed to be the records before it for all purposes.
- Where an application is withdrawn, the case would be disposed-off as if no application to the ITSC was made in the first place. However, the period from the date of application to ITSC till the date of withdrawal will be excluded for the purpose of calculating limitation period and the amount of interest. The Assessing Officer shall not be entitled to use the material and other information produced by the assessee before the ITSC or the results of the inquiry held or

evidence recorded by the ITSC in the course of proceeding before it.

- Every Interim Board is proposed to consist of three members nominated by the CBDT. The Central Government may make a scheme, by notification in the Official Gazette, for the purposes of settlement in respect of pending applications by the Interim Board, so as to impart greater efficiency, transparency and accountability by eliminating the interface between the Interim Board and the assessee in the course of proceedings to the extent technologically feasible; optimizing utilization of the resources through economies of scale and functional specialization; and introducing a mechanism with dynamic jurisdiction.
- It is proposed to empower the Central Government, for the purpose of giving effect to the above scheme, to direct that any of the provisions of the IT Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification. Further, no such directions shall be issued after March 31, 2023.
- This amendment is proposed to come into effect from February 1, 2021 and would apply from such date and thereafter.

Provision for Faceless Proceedings before the ITAT

- Section 255 of the IT Act is proposed to be amended to provide powers to the Central Government to notify a scheme for disposal of appeals by the ITAT so as to impart greater efficiency, transparency and accountability by eliminating interface between the ITAT and parties to the appeal in the course of proceedings to the extent technologically feasible, optimizing utilization of the resources through economies of scale and functional specialization. Introducing an appellate system with dynamic jurisdiction.
- It is proposed to empower the Central Government, for the purpose of giving effect to the above scheme, to direct that any of the provisions of the IT Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification. Further, the said directions shall be issued on or before March 31, 2023.
- It is proposed that every notification issued shall, as soon as may be after the notification is issued, be laid before each house of Parliament.

PROVISIONS RELATED TO DEDUCTION OF TAX AT SOURCE

Amendment in Section 194

- Section 194 of the IT Act prescribes with holding of tax on payment of dividends to a person resident in India.
- Section 194 of the IT Act is proposed to be amended to provide for exemption with respect to withholding tax on dividend paid by a SPV{as referred to in Explanation to Section10(23FC) of the IT Act} to a business trust {as defined under Section2(13A) of the IT Act} or any other person as may be notified by the Central Government in the official gazette.

Amendment in Section 194A

- Section194A of the IT Act prescribes withholding of tax on payment of interest to a person resident in India.
- Currently, the provisions of Section 194A of the IT Act are not applicable on interest paid or payable by an infrastructure capital company or infrastructure capital fund or a public sector company or scheduled bank in relation to a zero coupon bond issued by them.
- The scope of the above exemption has been widened to further include interest paid or payable by an infrastructure debt fund in relation to a zero coupon bond issued by such fund.

Introduction of Section 194P – Exemption to Senior citizen from filling of ITR

- ② With a view to ease compliance for senior citizens, Section 194p is proposed to be inserted in the IT Act to provide for relaxation from furnishing/ filing of return of income to a senior citizen in the year in which tax has been deducted by the specified bank after giving effect to the deduction allowable under Chapter VI-A and rebate under Section 87A of the IT Act. The said provisions shall apply to senior citizens who is/has:
- Resident in India;
 - Aged 75 years or more during anytime in the previous year;
 - No income other than pension and interest income from the same specified bank in which he is receiving his pension income; and
 - Furnished a declaration to the specified bank containing particulars, in such form and verified in such manner, as may be prescribed.

Introduction of Section 194Q -

- A new Section194Q is proposed to be inserted in the IT Act to provide for withholding tax @0.1% on payment made by a buyer to a person resident in India for purchase of goods exceeding Rs. 50 Lakh in a previous year. The buyer is required to withhold tax @0.1% on the sum exceeding Rs. 50 lakh (i.e. over and above Rs. 50 lakh).
- ‘Buyer’ is defined to mean a person whose total sales, gross receipts or turnover from the business carried on by him exceed Rs. 10 crore during the FY immediately preceding the FY in which the purchase of goods is carried out.

- Further, the proposed provision shall not apply to a transaction on which:
- tax is deductible under any other provisions of the IT Act; and
- tax is collectible under the provisions of Section 206C of the IT Act (other than a transaction covered under Section 206C(1H) of the IT Act)

Amendment in Section 196D

- Section 196D of the IT Act prescribes withholding of tax @20% on dividend paid to FIIs from securities referred to in Section 115AD(1)(a) of the IT Act.
- Since the provision prescribes for a specific rate of withholding tax, the withholding is required to be made @20% and here were divergent views regarding applicability of beneficial rate of tax prescribed under the DTAA.
- In view of the above, various representations were received wherein it was requested that the benefit of DTAA under Section 90 or Section 90A of the IT Act may be considered at the time of withholding of tax on dividend paid to FIIs.
- Accordingly, Section 196D of the IT Act is proposed to be amended to provide that where DTAA under Section 90 or Section 90A of the IT Act applies to a payee and where such payee has furnished the TRC, then the tax shall be withheld @20% or the rate of tax provided in the DTAA for such income; whichever is lower.

Introduction of section 206AB and Section 206CCA

- Section 206AA of the IT Act provides for a higher rate of withholding tax for non-furnishing of PAN. Further, Section 206CC of the IT Act provides for higher rate of collection of tax for non-furnishing of PAN.
- In order to have similar provisions to ensure filing of return of income by taxpayers who have suffered a reasonable amount of withholding tax/collection of tax, a new Section 206AB and Section 206CCA of the IT Act is proposed to be inserted in the IT Act to provide for a higher rate of withholding tax/ collection of tax for taxpayers not furnishing/ filing return of income.
- Section 206AB of the IT Act would apply on any sum paid/ payable/ credited by a deductee to a specified person (other than any sum where tax is required to be withheld under Sections 192, Section 192A, Section 194B, Section 194BB, Section 194LBC or Section 194N of the IT Act). The proposed withholding tax rate shall be higher of the followings:
 - twice the rate specified in the relevant provision of the IT Act; or
 - twice the rate or rates in force; or
 - the rate of five percent
- Section 206CCA of the IT Act would apply on any sum or amount received by a collectee from a specified person. The proposed tax collection rate in the said section shall be higher of the following:
 - twice the rate specified in the relevant provision of the Act; or

- the rate of five percent
- Further, if the provisions of Section 206AA or Section 206CC of the IT Act is applicable to a specified person in addition to the proposed Sections (i.e. Section 206AB and Section 206CCA), the tax shall be deducted/ collected at higher of the two rates provided in the proposed Sections and in Section 206AA or Section 206CC of the IT Act.
- The 'specified person' is defined to mean a person:
 - Who has not filed the returns of income for preceding two AYs immediately prior to the PY in which tax is required to be deducted and for which the time limit for furnishing/filing return of income under Section 139(1) of the IT Act has expired; and
 - aggregate of withholding tax is Rs. 50,000 or more in each of these two PYs.
- The 'specified person' shall not include a non-resident who does not have a permanent establishment in India.
- This amendment is proposed to come into effect from July 1, 2021.

AUTHORITY FOR ADVANCE RULING

With a view to provide alternate method of providing advance ruling which can give ruling in timely manner, it is proposed to constitute a Board of Advance ruling with the following amendments in the existing provisions of Authority for Advance Ruling:

- The Authority for Advance Ruling shall cease to operate with effect from such date, as may be notified in the Official Gazette.
- It is proposed that the Central Government shall constitute one or more Board for Advance Rulings for giving advance rulings under the said Chapter on and after the notified date. Advance rulings of such Board shall not be binding on the assessee or the Department and if aggrieved, the assessee or the Department may appeal against the ruling or order passed by the Board before the High Court.
- Section 245N of the IT Act is proposed to be amended to incorporate the definitions of the Board of Advance Rulings, notified date, Member of the Board of Advance Rulings and change in the definition of Authority to include the Board for Advance Rulings.
- Section 245-O of the IT Act is proposed to be amended to provide that the Authority constituted under the said section shall cease to operate on or after the notified date.
- Section 245-OB of the IT Act shall be inserted to provide for the constitution of the Board of Advance Rulings.
- Section 245P of the IT Act is proposed to be amended to provide that on or from the notified date, the provisions of the said Section shall have effect as if for the words "Authority", the words "Board for Advance Rulings" had been substituted.
- Section 245Q (which deals with filing of application) is proposed to be amended to provide that the pending application with the Authority i.e. in respect of which order under Section 245R(2) or Section 245R(4) has not been passed before the notified date shall be transferred to the Board for Advance Rulings along with all records, documents or material, by whatever name called and shall be deemed to be records before the Board for all purposes.
 - Section 245R (which deals with the procedure) is proposed to be amended to provide

that on or from the notified date, the provision of the said Section shall have effect as if for the words “Authority”, the words “Board for Advance Rulings” had been substituted and the provisions of the said Section shall apply *mutatis mutandis* to the Board for Advance Rulings as they apply to the Authority.

- The Central Government is also proposed to be empowered to make a scheme by notification in the Official Gazette for the purpose of giving advance ruling by Board of Advance Ruling under this provision. The scheme shall impart greater efficiency, transparency and accountability by eliminating interface to the extent technologically feasible, by optimizing utilization of resources and introducing dynamic jurisdiction. The Central Government may, for the purposes of giving effect to the scheme, by notification in the Official Gazette, direct that any of the provisions of the IT Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification. However, no such direction shall be issued after March 31, 2023. Every such notification shall, as soon as may be after the notification is issued, be laid before each House of Parliament.
- Section 245S (which deals with the applicability of advance ruling and makes it binding on the assessee and the Department) is proposed to be amended to provide that nothing contained in the said Section shall apply on and after the notified date.
- Section 245T (which deals with advance ruling to be void in certain situation) is proposed to be amended to provide that on or from the notified date, the provisions of the said Section shall have effect as if for the words “Authority”, the words “Board for Advance Rulings” had been substituted.
- Section 245U is proposed to be amended to provide that on or from the notified date, the power of the “Authority” under the said Section shall be exercised by the “Board for Advance Rulings” and the provisions of the said Section shall apply *mutatis mutandis* to the Board for Advance Rulings as they apply to the Authority.
- Section 245V is proposed to be amended to provide that nothing contained in the said Section shall apply on and after the notified date.
- A new Section 245W is proposed to be inserted to provide for appeal to High Court against the order passed or ruling pronounced by the Board for Advance Ruling. The appeal can be filed by the assessee as well as by the department.
- The Central Government shall be empowered to notify a scheme for filing of appeal by the Assessing Officer so as to impart greater efficiency, transparency and accountability by optimizing utilization of the resources through economies of scale and functional specialization, introducing a system with dynamic jurisdiction.
- The Central Government may, for the purposes of giving effect to the scheme, by notification in the Official Gazette, direct that any of the provisions of the IT Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification. However, no such direction shall be issued after the March 31, 2023. Every such notification shall, as soon as may be after the notification is issued, be laid before each House of Parliament.

CONSTITUTION OF DISPUTE RESOLUTION COMMITTEE FOR SMALL & MEDIUM TAXPAYERS

- Section 245MA of the IT Act is proposed to be inserted to provide for constitution, eligibility to claim benefit and threshold limit to be considered by the Dispute Resolution Committee.
- The committee shall resolve disputes of such persons or class of person which shall be specified by the Board. The assessee would have an option to opt for or not opt for the dispute resolution through the Dispute Resolution Committee. Only those disputes where the returned income is Rs. 50 lacs or less (if there is a return) and the aggregate amount of variation proposed in specified order is Rs. 10 lacs or less shall be eligible to be considered by the Dispute Resolution Committee.
- If the specified order is based on a search initiated under Section 132 or requisition made under Section 132A or a survey initiated under Section 133A or information received under an agreement referred to in Section 90 or Section 90A of the IT Act, such specified order shall not be eligible for being considered by the Dispute Resolution Committee. Further, Assessee would not be eligible for benefit of the aforesaid provision if there is detention, prosecution or conviction under various laws as specified in the proposed Section.
- Further, Dispute Resolution Committee has the powers to reduce or waive any penalty imposable under the IT Act or grant immunity from prosecution for any offence under the IT Act in case of a person whose dispute is resolved.
- The Central Government has also been empowered to make a scheme by notification in the Official Gazette for the purpose of dispute resolution. The scheme shall impart greater efficiency, transparency and accountability by eliminating interface to the extent technologically feasible, by optimizing utilization of resources and introducing dynamic jurisdiction.
- The Central Government may, for the purposes of giving effect to the scheme, by notification in the Official Gazette, direct that any of the provisions of the IT Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification.
- However, no such direction shall be issued after March 31, 2023. Every such notification shall, as soon as may be after the notification is issued, be laid before each House of Parliament.

OTHERS

Provisional attachment of assets in proceedings for imposition of penalty under Section 271AAD

- Section 281B of the IT Act is proposed to be amended to permit provisional attachment of property to protect interest of the revenue during pendency of proceeding for imposition of penalty under Section 271AAD of the IT Act (penalty for false entry or omission of entry in books of accounts to evade tax liability) where the amount or aggregate amounts of penalty likely to be imposed exceeds Rs. 2 crore.

VIVAD SE VISHWAS SCHEME

Amendments in the Direct Tax Vivad Se Vishwas Act, 2020

The Direct Tax Vivad Se Vishwas Act, 2020 ('DTVSV Act') did not intend to cover disputes pertaining settlement as per Chapter XIX-A of the IT Act (i.e., through the settlement commission). To remove ambiguity in relation to the same, definition of 'appellant', 'disputed tax' and 'tax arrear' under the DTVSVA ct are proposed to be amended by inserting a proviso to clarify that any sum payable qua proceedings before the settlement commission/writs pertaining to orders passed by settlement commission cannot be settled under the DTVSV Act.

INDIRECT TAX

CENTRAL GOODS AND SERVICES TAX ACT, 2017

The following changes shall come into effect from a date to be notified.

Scope of Supply

- A new sub-section (aa) in Section 7 is proposed to be inserted retrospectively with effect from July 1, 2017 to levy tax on supply of services/goods by a person (other than an individual) to its members/constituents or *vice-versa* for a consideration.
- An Explanation is proposed to be inserted to the aforesaid sub-section to clarify that the person and its members/constituents shall be deemed to be two separate persons.
- Consequently, Entry 7 of Schedule I is proposed to be omitted retrospectively i.e. from July 1, 2017. The said Entry provided that supply of goods between unincorporated association/ body of persons to its members for a consideration would be liable to GST.

Conditions for availing ITC

- Section 16(2) of the CGST Act prescribes the conditions for availment of ITC by a registered person. Clause (a) [amongst others] provides for availment of ITC when in possession of an invoice/debit note/other such taxpaying document issued by a supplier.
- A new sub-section (aa) is proposed to be inserted in Section 16(2) to provide that ITC on invoice or debit note may be availed only when the details of such invoice or debit note have been furnished by the supplier in the statement of his outward supplies i.e. GSTR 1

Non- requirement of filing GSTR 9C and self-certification

- Section 35(5) of the CGST Act is proposed to be omitted to remove the mandatory requirement of getting annual accounts audited and submission of certified GSTR 9C.
- Corresponding amendments are proposed to be made in Section 44 of the CGST Act to remove the mandatory requirement for filing GSTR-9C with an option to file self-certified reconciliation statement.
- Further, Section 44 of the CGST Act is proposed to be amended to grant powers to the Commissioner to exempt a class of taxpayers from the requirement of filing the annual return.

Interest on delayed payment of tax

- Section 50(1) of the CGST Act levies interest on delayed payment of taxes by registered persons.
- A proviso to the said Section is proposed to be inserted with effect from July 1, 2017 to charge

interest on late payment of tax on the net cash liability.

Determination of tax not paid or short paid or erroneously refunded or ITC wrongly availed or utilized by reason of fraud or any willful- misstatement or suppression of fact

- Clause (ii) to Explanation 1 of Section 74 of the CGST Act is proposed to be amended so as make detention, seizure, confiscation of goods and conveyances in transit a separate proceeding from recovery of tax.

Self-assessed tax

- An Explanation is proposed to be included to Section 75(12) of the CGST Act [which deals with recovery of self - assessed tax] to include tax payable on outward supplies reflected in return filed under Section 37 (i.e. through GSTR-1) but not paid while filing return under Section 39 (i.e.GSTR-3B).

Powers of the Authority to provisionally attach property/ bank accounts

- Section 83(1) of the CGST Act is proposed to be substituted in order to expand the powers of Authorities to provisionally attach property/bank accounts in case of assessments, inspection, search and seizure and all demand/ recovery proceedings.
- Further, the provisional attachment shall remain valid for the entire period starting from initiation of any proceedings till the expiry of one year from the date of order.

Pre-deposit while filing an appeal against detention/seizure of goods & conveyances

- A proviso is proposed to be inserted to Section 107 (6) of the CGST Act which requires an assessee to pay an amount equal to 25% of the penalty before filing an appeal against the order passed under Section 129(3) of the CGST Act (i.e. order for detention/seizure of goods and conveyances in transit).

Detention/seizure of goods & conveyances

- Section 129(1) of the CGST Act is proposed to be amended to increase the penalty quantum where any person transports/stores goods in contravention of the CGST Act while they are in transit and such goods/conveyances are liable to detention or seizure. Proposed penalty is asunder:

Sr. No.	Scenario	Existing Penalty	Proposed Penalty
1	The owner of the goods comes forward for payment of such penalty	<ul style="list-style-type: none"> • Exempted goods: 2% of value of goods or INR 25,000 whichever is less • Goods other than above: tax and penalty equal to 100% of tax payable on such goods 	<ul style="list-style-type: none"> • Exempted goods: 2% of value of goods or INR 25,000 whichever is less • Goods other than above: penalty equal to 200% of tax payable on such goods

2	The owner of the goods does not come forward for payment of such penalty	<ul style="list-style-type: none"> • Exempted goods: 5% of value of goods or INR 25,000 whichever is less • Goods other than above: Tax and penalty equal to 50% of the value of goods reduced by tax paid thereon 	<ul style="list-style-type: none"> • Exempted goods: 5% of value of goods or INR 25,000 whichever is less • Goods other than above: Penalty equal to 50% of the value of goods or 200% of tax payable on such goods, whichever is higher
---	--	--	--

- Section 129(2) is proposed to be omitted which allows the assessee to release the seized goods under provisional basis upon execution of bond and furnishing of security.
- Section 129 (3) is proposed to be amended to specify the duration of 7 days for issuance of notice for such detention and seizure and a duration of 7 days thereafter for passing an order.
- Section 129 (6) of the CGST Act is proposed to be amended wherein the powers have been given to the Authorities to sale/ dispose off the seized goods/ conveyances in the prescribed manner, where the penalty has not been paid within a period of 15 days from the date of receipt of order. An option has been given to the transporter to pay the penalty as determined above or INR 1 lakh, whichever is less, for release of conveyance.

Other Amendments

- Section 151 of the CGST Act is proposed to be substituted to grant power to call for information which was earlier restricted to collection of statistics.
- Section 152 of the CGST Act is proposed to be amended to mandatorily provide an opportunity of personal hearing (which was not there earlier) to the persons required to furnish information return before disclosing such information.
- Section 168 of the CGST Act is proposed to be amended to allow Jurisdictional Commissioner to exercise powers to call for information under Section 151.

INTEGRATED GOODS AND SERVICES TAX ACT, 2017

The following changes shall come into effect from a date to be notified.

Zero rated supply

- Section 16 (1) (b) of the IGST Act is proposed to be amended to restrict the scope of “zero-rated supply” to the extent of such goods or services which are used for authorized operations in the context of supplies made to Special Economic Zone developer or a Special Economic Zone unit.
- Section 16(3) of the IGST Act is proposed to be substituted wherein the option of export on payment of IGST has been omitted. Consequentially, Section 16(4) is proposed to be inserted which restricts the option of zero-rated supply on payment of IGST to notified class of persons or notified suppliers of goods/services.

- Further, a proviso is proposed to be inserted which provides that in case of non-realization of sale proceeds on account of export of goods, the exporter shall deposit the refund received on account of export under LUT along with applicable interest within 30 days from the date of expiry of time limit for collection of foreign exchange remittance as prescribed under FEMA.

AGRICULTURE INFRASTRUCTURE AND DEVELOPMENT CESS

Agriculture Infrastructure and Development Cess is proposed to be introduced on specified excisable goods. Accordingly, effective taxes are as under:

Sr. No.	Commodity	Duty rates applicable with effect from February 2, 2021 (Rs. Per litre)				
		BED	SAED	RIC	AIDC	Total
1	Petrol (Unbranded)	1.4	11	18	2.5	32.9
2	Petrol (branded)	2.6	11	18	2.5	34.1
3	Diesel (Unbranded)	1.8	8	18	4	31.8
4	Diesel (branded)	4.2	8	18	4	34.1

CORPORATE LAWS

SMALL COMPANIES DEFINITION TO BE CHANGED UNDER THE COMPANIES ACT, 2013

It is proposed that the definition of “small company” under Section 2(85) the Companies Act, 2013 be revised by increasing their thresholds for paid-up capital from existing INR 5,000,000 to INR 20,000,000 and turnover from INR 20,000,000 to INR 200,000,000.

RELAXATION TO OPC TO BENEFIT START-UPS AND INNOVATORS

The Government has proposed to incentivize the incorporation of OPC by allowing the mtogrow without any restrictions on paid-up capital and turnover and allowing their conversion into any other type of company at any time. It is further proposed to reduce the residency limit for an Indian citizen to set up an OPC to 120 days from existing 182 days and to allow NRIs to incorporate OPCs in India.

MCA- 21 3.0 – NEW MCA PORTAL

It is proposed that during the year 2021-22, MCA21 Version 3.0 will be launched which will be driven by data analytics, artificial intelligence and machine learning.

STRENGTHENING OF NCLT AND IMPLEMENTATION OF E-COURTS

The Government proposes to strengthen the NCLT framework, implement e-Courts system and introduce an alternate method of debt resolution and special framework for MSMEs.

FOREIGN DIRECT INVESTMENT- INCREASE IN FDI LIMIT IN THE INSURANCE SECTOR FROM 49% TO 74%

The Government proposes to amend the Insurance Act, 1938 to increase the permissible FDI limits from 49% to 74% in insurance companies. This significant move will come with some “safeguards”. For instance, it is proposed that the majority of directors on the board, and key management personnel, of such insurance companies, would have to be resident Indians, with at least 50% of the directors being Independent Directors. A specified percentage of profits may also be required to be retained as general reserve.

MISCELLANEOUS

BENAMI PROPERTY – ADJUDICATION MECHANISM

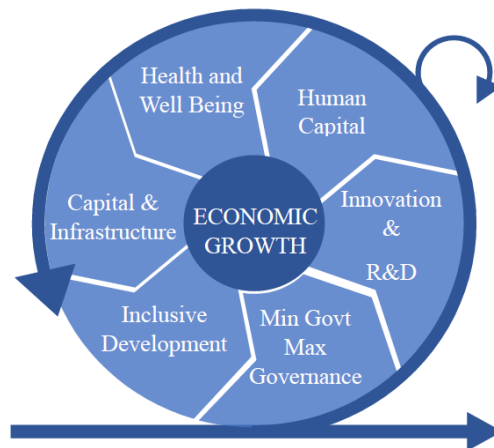
The Finance Bill, 2021 proposes following changes:

- The competent authority authorized under the Smugglers Act shall be the adjudicating authority to exercise jurisdiction, powers and authority conferred by or under the Prohibition of Benami Property Transactions Act, 1988. Under the Smugglers Act, the Central Government is authorized to appoint officers of the Central Government (not below the rank of a Joint Secretary to the Government), to perform the functions of the competent authority;
- On a reference made by the initiating officer, the afore-mentioned adjudicating authority is empowered to hold a particular property as a benami property or not, and thereby confirm or revoke the attachment order, as the case may be. This order is required to be passed after the expiry of one year from the end of the month in which the reference by the initiating officer was received. An exception has been incorporated to this, to provide that where the time limit for passing order expires during the period beginning from the July 1, 2021 and ending on September 29, 2021, the time limit for passing such order shall be extended to the September 30, 2021;
- Afore-mentioned amendments are proposed to come into effect from July 1, 2021.

RELIEF TO SMALL CHARITABLE TRUSTS RUNNING EDUCATIONAL INSTITUTIONS AND HOSPITALS

It is proposed to reduce the compliance burden on small charitable trusts running educational institutions and hospitals. As of now, there is a blanket exemption to such charitable trusts from making compliances, whose annual receipt does not exceed Rs. 10,000,000. The exemption is now proposed to be extended to all such small charitable trusts running educational institutions and hospitals, whose annual receipt does not exceed Rs. 50,000,000.

6 PILLARS OF INDIA'S RAPID ECONOMIC GROWTH



1. Physical, Financial Capital & Infrastructure

- ❖ PLI Schemes allocation of ₹1.97 lakh crore in next 5 years
- ❖ World Class infrastructure in textile sector leading to 7 textile parks over 3 years
- ❖ Development of adequate rail infrastructure by 2030
- ❖ 100% Electrification of Broad-Gauge Routes by 2023
- ❖ Ujjwala scheme to cover 1 crore more beneficiaries
- ❖ 100 more districts under city gas distribution network
- ❖ Jal Jeevan Mission (Urban) for universal water supply in all ULBs
- ❖ Urban Swachh Bharat Mission with outlay ₹1,41,678 crore over 5 years
- ❖ ₹2,217 crore for 42 urban centres to tackle air pollution
- ❖ Voluntary Vehicle Scrapping policy
- ❖ Innovative PPP models to augment public bus transport
- ❖ Amending the Insurance Act, 1938 to increase the FDI limit with safeguards
- ❖ Investor charter as a right across all financial products

2. Health and Wellbeing

- ❖ Allocation of about ₹ 64,180 crores over 6 years.
- ❖ Launch of Mission Poshan 2.0
- ❖ ₹35000 crore for Covid-19 Vaccine in 2021-22
- ❖ Introduction of National Commission for Allied Healthcare Professionals Bill

3. Reinvigorating Human Capital

- ❖ More than 15,000 schools will be qualitatively strengthened to include all components of the National Education Policy.
- ❖ Partnership with UAE and Japan in area of skill development and recognition
- ❖ Establishment of 100 new Sainik school.
- ❖ Establishing 750 Eklavya schools in tribal areas

4. Innovation and R&D

- ❖ National Research Foundation allocation of ₹50,000 crores, over 5 years.
- ❖ Realigning National Apprenticeship Training scheme for graduates and diploma holders in Engineering

5. Minimum Government & Maximum Governance

- ❖ NSSF loan to FCI for food subsidy to be replaced by making budget provisions
- ❖ Senior Citizens who have only pension and interest income are exempted from filing return. The paying bank to deduct the necessary tax on their income.
- ❖ Increase in limit for tax audit for persons who carry out 95% of their transactions digitally
- ❖ Additional deduction of ₹1.5 lakh shall be available for loans taken up till 31 March 2022 for purchase of affordable house.
- ❖ Reducing time limit for reopening of income tax assessment.
- ❖ Rationalisation of customs duty structure by eliminating outdated exemptions
- ❖ Rationalisation of duties on raw material inputs to man-made textiles
- ❖ Increase in duty on solar invertors and lanterns to promote domestic production

6. Inclusive Development for Aspirational India

- ❖ The MSP regime to assure price at least 1.5 times the cost of production across all commodities.
- ❖ Extending coverage of SWAMITVA Scheme to all states/UTs
- ❖ Expansion of Operation Green scheme to include 22 perishable products
- ❖ Development of modern fishing harbours and fish landing centres
- ❖ Multipurpose Seaweed Park to be set up in Tamil Nadu
- ❖ One nation one ration card scheme under implementation in 32 states and UTs.

SECTORAL IMPACT

Startups

- ❖ For Startups and Innovators, One Person Company (OPC) can be incorporated without a limit for turnover or paid-up capital and grow without any restriction on paid up capital and turnover. NRIs to incorporate OPC in India to incentivize NRI investment in India.
- ❖ Eligibility for claiming tax holiday under Income Tax Act will be extended to 31st March 2022.
- ❖ Capital Gains exemption for investment in startups extended to March 2022.
- ❖ Startups claiming income tax benefit extended to March 2022

Infrastructure

- ❖ Establishment of Development Financial Institution for infrastructure financing.
- ❖ Debt financing of InVIT and REITs by FPI to ease further access of funds
- ❖ Launching of national monetization pipeline for potential brown field infrastructure assets.
- ❖ Substantial increase in capital expenditure and encourage states to spend on creation of infrastructure.
- ❖ To augment more road infrastructure, more economic corridors planned.
- ❖ To improve Urban Infrastructure , new technologies- MetroLite and MetroNeo to be deployed
- ❖ A frame work to be put in place to provide the consumers alternative of choosing from among more than one distribution company to reduce the monopoly.
- ❖ Addition of 100 more districts to City Gas Distribution network.
- ❖ Private partner management of major ports
- ❖ Subsidy support to Indian Shipping Companies in global tenders

Textile

- ❖ Addition to PLI scheme, Mega Investment Textile parks (MITRA) to be launched with 7 infrastructure parks.
- ❖ Rationalization of duties on raw material inputs to manmade textiles.

Real Estate

- ❖ FPI will now be enabled to debt finance REITS and InvIT after amendment in Law, which will assist cash stressed real estate sector.
- ❖ Dividend paid to REIT/InvIT shall be exempt from TDS. Income on such units including dividend income to FPI would be eligible at the treaty rate.Dividend payment of such units to foreign companies exempt from MAT applicability.
- ❖ Investment in affordable housing eligible for additional deduction of Rs.1.5 lakhs extended to March 2022
- ❖ Affordable housing project can claim a tax holiday of one more year till March 2022.

- ❖ To facilitate affordable rental housing scheme for the migrant workers, it is proposed to allow new exemption for notified affordable renting.

Finance Sector

- ❖ certification under GST law has been changed to self-certification.
- ❖ Amendment to the DICGC Act, 1961 so that the depositor would be able to get access to their deposit to the extent of the Insurance cover during temporary freeze on withdrawals
- ❖ To improve credit discipline and to protect the small borrowers, NBFC with asset size of minimum Rs.100 crores, the minimum loan size for recovery under the SARFERESI Act reduced from Rs.50 Lakhs to Rs.20 Lakhs.
- ❖ Consolidation of SEBI Act, 1992, Securities Contract (Regulation) Act, 1956, Depositories Act, 1996 Government Securities Act into a single Securities Market Code.
- ❖ Asset reconstruction company and Asset Management company to consolidate and take over the stressed debt, manage and dispose off the assets.
- ❖ Establishment of Gold Exchanges to be regulated by SEBI.
- ❖ Extension of tax exemption benefits in IFSC centre to aircraft leasing, investment division of foreign banks located in IFSC centers.

Medium and Small Enterprises

- ❖ Basic Custom Duty change for creating level playing field for MSME and other manufacturers.
- ❖ Reduction in customs duty on Iron and Steel products, copper scrap and exemption of duty on steel scrap to help the MSME severely hit by rising prices.
- ❖ Reduction of BCD rates on artificial fibres
- ❖ Increase in duty on certain items and withdrawal of exemptions on certain kinds of leathers that are domestically manufactured by MSME.
- ❖ To reduce compliance burden for the MSME the requirement for Tax certification under GST law has been changed to self-certification.

Automobile sector

- ❖ Announcement of scrapping policy to phase out old and unfit vehicles
- ❖ The scrapping policy 20 years in the case of personal vehicles and 15 years in the case of commercial vehicle
- ❖ New scheme to support augmentation of city bus service, helps in the deployment of PPP model to enable private sector to finance, Acquire and operate more than 20,000 buses.

- ❖ Import of Auto parts costlier to pave the way for indigenously manufactured products.

Manufacturing

- ❖ The Government had earlier introduced the production Linked incentive scheme for 13 sectors as part of its AtmaNirbhar Bharat vision, this will help to bring scale and size in key sectors.
- ❖ Increase in export of electronic goods leads to change in exemptions from nil rate to 2.5%
- ❖ To tap the immense potential in domestic manufacturing of heavy capital equipment and certain auto parts, the customs duty is increased to bring it in par with general rates.
- ❖ Changes in customs duty of raw materials and inputs used by domestic manufacturers for reducing input cost and inverted duty structure
- ❖ Imposition of Agriculture and Infrastructure Development Cess on specified items.