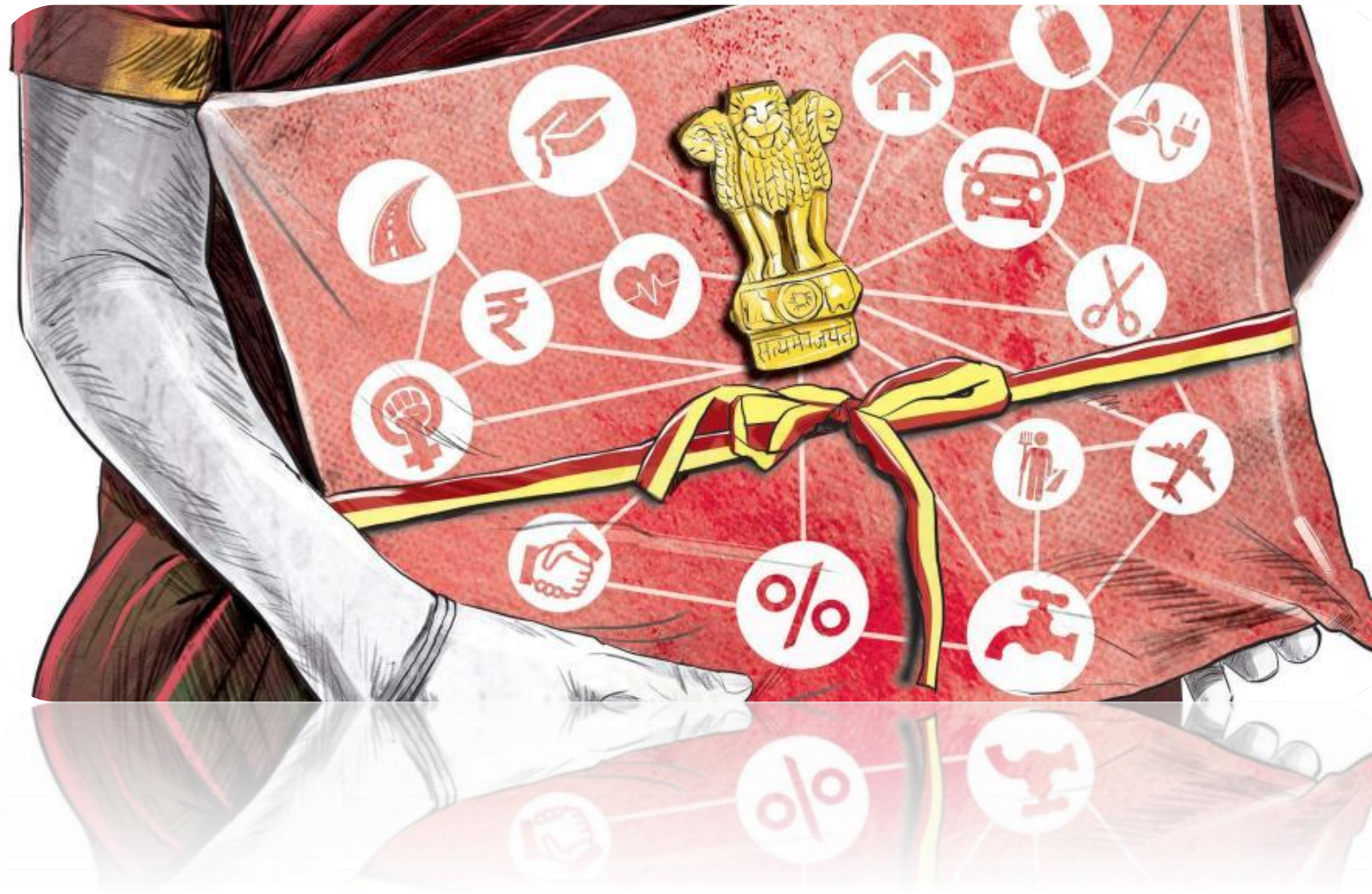


AN OVERVIEW OF THE FINANCE BILL 2021



A Budget like 'Never Before' ?

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The provisions contained in the Finance Bill 2021 are proposals and are likely to undergo amendments while passing through both houses of the Parliament before being enacted.

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STATE OF ECONOMY

“Never Before” Budget:

The hon'ble Finance Minister Smt Nirmala Sitaraman announced Budget for FY 2021-22. The budget was already carried high burden from industries, taxpayers, people of the financial market as this being the unique budget presented during the unprecedented time of COVID-19. As the economy is still stumbling to return to the path of recovery though Economic Survey inferred that India may witness V shape recovery but the expectation from this budget was like “Never Before”.

This budget needs to be worked as a fuel for the Growth engine as anticipated by Economic Survey carried out by Chief Economic Advisors. This government must set precedent for the growth in the Gross Domestic Product (GDP) and which should not be a product of increased tax compliances and higher tax burden facing by the honest taxpayers. The government must make growth in the economy as a main fossil fuel and increased tax revenue as a byproduct of the growth.

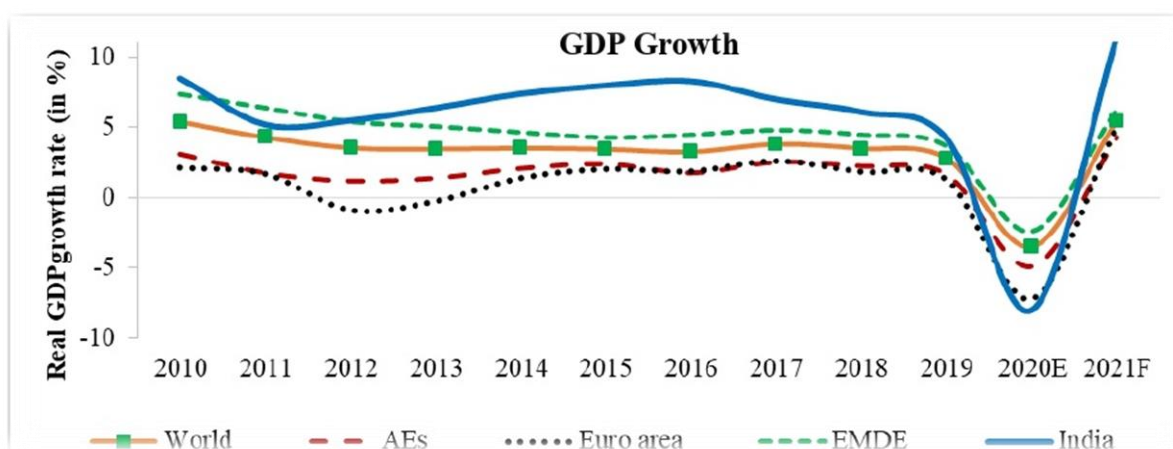
ECONOMY SURVEY

The Survey has suggested points which are bold and beautiful. This survey brings out the points which were never seen earlier because the points tabled in parliament like to have more debt to ignite growth, V Shaped Recovery, considering deficit financing, suggesting ignorance of the rating agencies and other is indeed a bold step emerging out of the survey.

FY 2021-22 GDP Growth Rate pegged at 11%:

After the wash out year (2020-21) with negative GDP (Gross Domestic Product) rate of 7.7%, the economy seems healing from the scars of the pandemic. The signs of the same is already visible in the economy as the GST collection crossing mark of ₹ 1 Trillion for continuous 4 months with increasing trend each year.

However, this growth of 11% which is highest ever since independence is projected on the contraction of economy during 2020-21. So, this translates to real GDP growth at around 2.4 % over the absolute level of 2019-20.

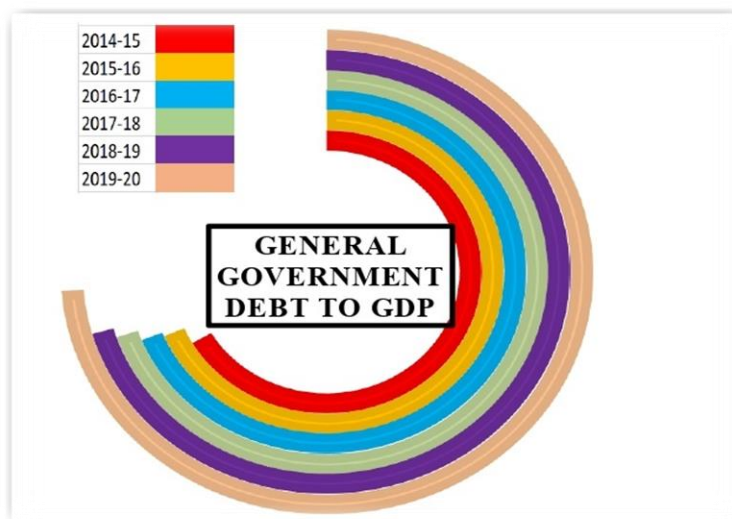


This probably leads to the answers of the discussion held at various forums about the shape of economic recovery as this survey clearly carve out different shapes of recovery by advocating 'V' shaped recovery.

Increasing Debt but do not worry:

With debt to GDP ratio almost crossing the level of 90%, the survey suggest that India need to worry about it as the growth rate anticipated in this emerging economy is higher than the cost of debt which will eventually lead to decreasing level of debt as the growth takes the driving seat. The debt level is still below for India as compared to OECD countries and other emerging economies.

The forex reserve is more than the external borrowing, and which is a sign of debt sustainability of India. Following image shows increasing debt trend over for 5 years and 2019-20 being a year of exceeding expectation.



Decreasing Credit ratings but do not worry:

This survey also says that India being the developing country and one of the emerging economies, should not be hesitant in taking the debt and should ignore the ratings given by the International Rating Agencies citing that facts such as political stability, rule of law, control of corruption, investor protection, comfortable level of debt to GDP and sovereign default history are being completely ignored by the rating agencies.

Asset Quality Review (AQR) after the forbearance (relaxed provisions) is lifted:

The survey suggests that there must be one more round of Asset Quality Review (AQR) of the loans once the COVID-19 related forbearance is lifted. The forbearance includes non-recognition of non-performing assets (NPA) and other facilitative measures to support the badly hit loans by the pandemic. However, the survey suggests that such forbearance has led banks to hide lot of bad loans under the garb of restructured loan. The survey clearly cited that during forbearance window default has been increased by 51% after the loan restructuring against the 6% in pre forbearance era.

So, the survey suggests that AQR (Asset Quality Review) must be carried out after the forbearance. Such forbearance must be discontinued at the first opportunity when the economy exhibits recovery.

Counter cyclical Fiscal Policy:

Keynesian countercyclical policy response suggests that fiscal deficit (Revenue - Expense) should decline when the economy is expanding and increase during the downturns. The survey calls for this approach for the recovery. This policy is the need of the hour because when the economy is doing well, private sector flourishes and when economy is struggling so is the private sector.

So, survey suggests that government can take a step back during growth face and should immediately step in when the economy tumbles and provide warranted support to the economy though it may turn out to be expansionary fiscal deficit.

More R&D less Jugaad:

The R&D Expenditure in a country like India is around 0.65% of GDP which is significantly lower than the Top 10 economy. The level of expense incurred after innovation is not justifying the position of third largest economy and increase in R&D is must to foster the Growth. The survey suggest that India need to have R&D spending of at least 2% of GDP and emphasize on the involvement of Private Sector in this space as most of the R&D is carried out by the government.

More Health spend less out of pocket expense:

Being a developing economy, India needs to increase the spend on health care facility from existing 1% of GDP to around 3%. India is a country where out of pocket expense has highest share and which leads to the incidence of catastrophic expenditure and poverty. The increased spend would foster the growth as India was under lockdown due to inadequate health care infrastructure. This would also help lower insurance premiums enabling offering of better products and increase the Insurance penetration in a country like India which is highly under insured.

INDIAN ECONOMY 2021-22

Since the economy showing the signs of revival, it is very much relevant to look at the way ahead as anticipated by the central government for FY 2021-22. The government has provided for the various fiscal indicators. The same has been tabulated below:

Fiscal Indicators (as percent of GDP)

Sr No	Particulars	Revised Estimates 2020-21	Budget Estimates 2021-22
1.	Fiscal Deficit	9.5	6.8
2.	Revenue Deficit	7.5	5.1
3.	Primary Deficit	5.9	3.1
4.	Gross Tax Revenue	9.8	9.9
5.	Non-tax Revenue	1.1	1.1

As the fiscal deficit soaring to the new high of 9.5% of the GDP with original estimate of 3.5%, government seems to have spent during this pandemic year and which is leading cause for the economy to regain the momentum. Also, apart from the new high of fiscal deficit, hon'ble FM claimed to have shown clear path of the deficit management by maintaining Debt to GDP ratio at a comfortable level.

However, next year estimate provides some sigh as the same fiscal deficit is pegged at around 6.8% of the GDP. Other fiscal indicators also worsen during the year but a year to follow seems to have good start.

'Status quo' over Finance Bill:

This budget is the first budget in which there is hardly any major changes proposed by the Finance Minister in Finance Bill. This stability over the Finance Bill gives an incredibly positive sentiment and helps in attracting the foreign capital which is crucial source for growth in the economy. No major change in the Finance Bill, ease of compliance is construed as a radical change in mindset of the government.

Rationalized Custom Duties:

With more focus on “Atmanirbhar Bharat” and greater emphasize over “Production Linked Incentive Schemes” (PLI), this government seems to have been protectionist in terms of imports and which was evident from the past budgets. However, during this budget, changes in custom duty seems to have been more rationalized and thoughtful.

Name of Item	Custom Duty	Rationale
Parts of Automobile and Electronic Goods	Increased	To support Atmanirbhar Bharat and Production Linked Incentive Schemes to support domestic manufacturing
Various Items in Steel Industry	Decreased	To offset the rise in prices of iron and steel products
Cotton, Raw Silk and Silk Yarn	Increased	To support the Farmers in getting the better prices for their products, spurring domestic sales
Petrol and Diesel	Decreased	To neutralize the impact of levy of Agriculture and Infrastructure Cess and not to burden the customers

Also, various exemptions have been removed to simplify the structure. Government now needs to focus more on irrational structure of various custom duty rates and rationalise the same.

Farm Laws:

The call of hon'ble Prime Minister has been reiterated by Finance Minister by again showing the willingness to have dialogues with Farmers. Government seems to have ready to discuss every clause with the Farmers. Since this being a marketing side reforms in the agriculture sector, this will lead to farmer welfare and the same has been reiterated by the International Monetary Fund.

Bad Bank and Capital Infusion in PSU Banks:

While the market seems to have already cheered this announcement and Nifty Bank Index soared around 8% in a single day, the proposal made is cheerful for the Banking Industry. With the ongoing stress on Balance Sheet of Banks due to the Pandemic, banks were struggling to maintain their capital adequacy ratio which is curtailing their lending portfolio seems to have created deficit in credit funding in the country. With the setup of bad bank, banks will now be able to clean the stressed balance sheet by transferring Non-Performing Assets (NPA) to the Bad Bank and can focus on the lending function through improved capital adequacy ratio.

Also, to improve capital adequacy ratio of Public Sector Bank, central government has proposed to infuse the Capital of 20,000 Crore which will lead to smooth credit funding in the country and foster the growth.

Development Financial Institution:

With the National Infrastructure Pipeline (NIP) of ₹ 111 Trillion laying the foundation for future growth of the country, it becomes very much necessary for the government to arrange for the sources of finance. The bond market is still at infant stage and not developed enough to fund such projects. Currently the infrastructure is primarily funded by the Public Sector Bank and which lead to asset liability mismatch and hampering the infrastructure activity leading to delayed and sub optimal growth in the country.

With DFI (Development Financial Institution) coming into play with Initial Capital of ₹ 20,000 Crore funded by the central government and planning to lend over ₹ 5 Lakh Crore over 3 years, the asset liability mismatch issue seems to have been resolved. However, the area of concern for the government will be the Management of such DFI so that the debacle of IL&FS and Infrastructure Development Financial Corporation (IDFC) should not be happen again.

National Monetization Pipeline

Proposal to monetize unused or underutilized assets like land of the government and with various public sector units is a welcome step. This is indeed a needed step as the government needs to look after these assets before they become liability. These assets were not adding to the revenue kitty of the government and was idle. So, using the same will create additional source of Revenue and will reduce dependence on the Tax Revenue only to address the fiscal deficit.

Protection of Bank Depositors:

The DICGC Act, 1961 will be amended to provide for further protection of the Bank Depositors when Banks are temporarily unable to fulfil its obligation. Depositors can get easy and timely access to their deposits in such case to the extent to the Deposit Insurance Cover.

Privatization on the go:

Slowly and steadily government is realizing the need of the privatization. FM has announced the proposal of privatization of 2 public sector banks (PSB), apart from IDBI and 1 general insurance company. The government has recognized that it is not government's business to be in business and government can play the role of referee rather than the player. Privatization of PSBs is a welcome step as government has not announced further merger of the PSBs rather candidly accepted the failure of managing the Banks.

7 Textile Investment Parks to open:

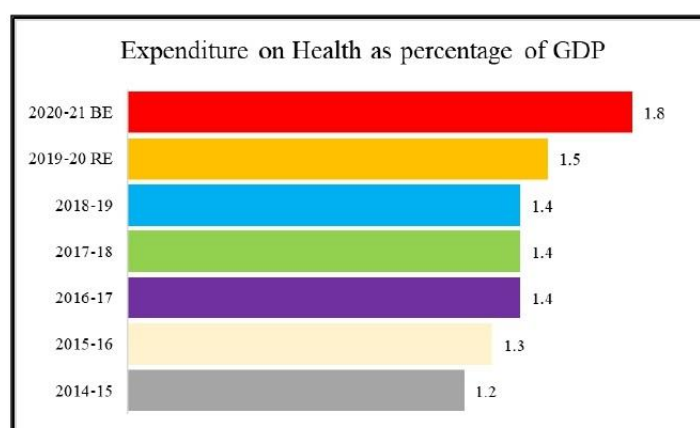
With Bangladesh competing and batting high on the textile industry, government realized the need of the textile industry. To enable this industry to become globally competitive and foster the investment and job creation, 7 textile parks will be launched apart from PLI Scheme. This move is aimed to provide for higher employment within country and incentivizing the patient capital in this industry.

The 'Bond' Way:

it has been argued numerous times that the Bond Market of the India is undeveloped and developed bond market paves way for more money flowing into the market and put on work the idle money. The one of the reasons for underdeveloped infrastructure are underdeveloped bond market. Now new agency will be created to purchase bond in the secondary market.

Increased Health Spend:

With the ongoing pandemic and hurdle faced by the government in facing the pandemic, government has committed to increased spend on the health care infrastructure. Also, government has committed to spend ₹ 35,000 Crore for COVID Vaccination Drive however, the share of state and central government in this spend has not been identified.



Allocation to the health care in FY 21-22 jumps to around 159% over the original estimate of ₹ 86,259 Crore in FY 2019-20. The allocation for health care spends stands at ₹ 223,846 Crore suggesting the adherence to the Economic Survey 2021.

WHY STOCK MARKET SOARED?

The Sensex gives salute to the budget by raising 5% in single day which turns out to be wealth creation of investors over 6 Lakh Crore. This is so far the best budget day performance since 1999. The factors contributing to such rally in the stock market is listed below.

Major Factor:

- No major changes in the Taxes structure amid the fear of surcharge and taxing the super-rich of the country.
- Reduced compliances and other administrative changes in the taxation structure like faceless assessment.
- Change in the mindset of the government i.e., focus on Growth in Economy rather than growth in Tax Collection. Government seems to have realized that tax revenue is by product of growth in the economy.

Industry Specific Factors:

Banking and Finance:

Bank Nifty moved 8.3% upward in a single day.

- Privatization of 2 Public Sector Banks and 1 General Insurance Company
- Capital infusion of 20,000 Cr into Public Sector Banks
- Establishment of Bad Banks to clear out the Non-Performing Assets (NPA) from Bank's Balance Sheet
- FDI Limit in insurance sector raised from 49% to 74% leading to foreign capital infusion.
- Tax exemption for sovereign wealth fund and pension fund extended to NBFCs.

Real Estate & Construction:

- More focus on Capital Expenditure leading growth
- Establishment of Development Financial Institute (DFI) to fund the Infrastructure projects.
- Affordable housing projects will now be eligible for tax holiday till March 31, 2022.
- Increased allocation for development of road infrastructures. Outlay of ₹ 1.18 trillion for road ministry.
- Increased deduction of interest on borrowed funds for purchase of house property.

Automobile and allied industry:

- Vehicle Scrappage Policy
- Increase in Custom Duty in certain parts of the automobiles.
- Government to spend ₹ 18,000 Crore for public bus transport.
- Increased custom duty on solar parts such as solar lamps, solar lanterns and solar inverters.

Metal Industry:

- Reduction in Custom Duty on Gold and Silver, Iron, copper, and steel related item.
- Temporary revocation of anti-dumping duty on various steel related parts

Hospital and Medical Services:

- With Health Care Infrastructure taking front seat and government more focusing on improving health care infrastructure.
- Economic Survey suggesting increased health care spend as a % of GDP to tackle the health related emergencies.

Finance Bill 2021

Unless otherwise specifically mentioned, the amendments proposed are to be effective from AY 2022-23 and are therefore applicable with respect to income arising on or after 1st April 2021. Specific mention is made at the relevant places when the effective date of a proposed amendment is other than 1st April, 2021. Reference to the existing provision mean the provisions of the Act immediately prior to the amendments proposed in the Bill.

Any reference to the sections, unless otherwise stated, is to the sections of the Income Tax Act, 1961.

HIGHLIGHTS OF THE BUDGET 2021

- Interest on PF taxable if employee contribution exceeds ₹ 2.5 Lakhs p.a.
- In order to address contradicting decisions of various high courts provision regarding disallowance of delay in depositing Employees contribution on PF, ESI, etc clarified by adding explanation.
- Immovable properties sold by builders will not be questioned even if sales value is less than stamp value with margin up to 20%.
- The turnover limit relaxed from ₹ 5 crores to ₹ 10 crores for 'Tax Audit' where 95% of business transactions are done by banking channel.
- ULIPs having premium payment exceeding ₹ 2.5 Lakhs covered within Capital Gains Tax.
- Deduction for start-ups extended further for one year i.e., up to 31st March 2021.
- Deduction for interest paid on affordable home loan extended by one year i.e., loans taken up to 31st March 2022.
- Sunset for Affordable housing projects for tax holiday extended by one year i.e., until 31st March 2022.
- Senior citizens aged above 75 years earning pension and interest income shall not be required to file return of income tax.
- Pre-fill Return Forms proposed having details of Dividend, Interest and Capital Gains
- Reduction of Due Date of filing belated returns and revised returns by 3 months.
- The time limit for Reopening of assessment has been reduced to 3 years from 6 years. In cases where concealment of income is more than ₹ 50 Lakhs, reopening can be made within 10 years.
- Taxpayer with taxable income up to ₹ 50 lakh and addition up to ₹ 10 lakh can approach the Dispute resolution committee under faceless mechanism.
- Now the appeal with ITAT is also covered under faceless mechanism.
- TDS on purchase of Goods if purchase exceeds ₹ 50 Lakhs & Turnover exceeds ₹ 10 Crores.
- Higher TDS on payments made to non-filers of return.
- Payment of advance tax on dividend income to be made only after the declaration or payment of dividend.
- Under GST, Input tax credit can now be availed only when the GSTR 1 is filed by supplier and corresponding entry appearing in GSTR 2A of recipient.
- Furnishing of GST annual return with self-certified reconciliation statement has been facilitated.
- Foreign exchange realization would be mandatory for refund of unutilized ITC for zero rated supply of goods. In case of non-realisation, benefit of refund would be deposited along with interest.

A - RATES OF TAX

The proposed income tax rates (including Health and Education Cess and Surcharge wherever applicable) for the FY 2021-22 have been given below for ready reference.

Particulars	If Total Income upto ₹ 50 lacs	If Total Income exceed ₹ 50 lacs and upto ₹ 1 Cr	If Total Income exceed ₹ 1 Cr and upto ₹ 2 Cr	If Total Income exceed ₹ 2 Cr and upto ₹ 5 Cr	If Total Income exceed ₹ 5 Cr
Individual (including women), HUF, AOP, AJP & BOI (other than senior citizen)					
Upto ₹ 2,50,000/-	Nil	Nil	Nil	Nil	Nil
₹ 2,50,001/- to ₹ 5,00,000/-	5.20%	5.72%	5.98%	6.50%	7.12%
₹ 5,00,001/- to ₹ 10,00,000/-	20.80%	22.88%	23.92%	26.00%	28.50%
Above ₹ 10,00,000/-	31.20%	34.32%	35.88%	39.00%	42.74%
Senior Citizen (Resident) (Above 60 years but below 80 years)					
Upto ₹ 3,00,000/-	Nil	Nil	Nil	Nil	Nil
₹ 3,00,001/- to ₹ 5,00,000/-	5.20%	5.72%	5.98%	6.50%	7.12%
₹ 5,00,001/- to ₹ 10,00,000/-	20.80%	22.88%	23.92%	26.00%	28.50%
Above ₹ 10,00,000/-	31.20%	34.32%	35.88%	39.00%	42.74%
Very Senior Citizen (Above 80 Years of age) (Resident)					
Upto ₹ 5,00,000/-	Nil	Nil	Nil	Nil	Nil
₹ 5,00,001/- to ₹ 10,00,000/-	20.80%	22.88%	23.92%	26.00%	28.50%
Above ₹ 10,00,000/-	31.20%	34.32%	35.88%	39.00%	42.74%
Individual & HUF (Optional) (Section-115BAC)					
Upto ₹ 2,50,000	Nil	Nil	Nil	Nil	Nil
₹ 2,50,001 - ₹ 5,00,000	5.20%	5.72%	5.98%	6.50%	7.12%
₹ 5,00,001 - ₹ 7,50,000	10.40%	11.44%	11.96%	13.00%	14.25%
₹ 7,50,001 - ₹ 10,00,000	15.60%	17.16%	17.94%	19.50%	21.37%
₹ 10,00,001 - ₹ 12,50,000	20.80%	22.88%	23.92%	26.00%	28.50%
₹ 12,50,001 - ₹ 15,00,000	26.00%	28.60%	29.90%	32.50%	35.62%
Above ₹ 15,00,000	31.20%	34.32%	35.88%	39.00%	42.74%

Particulars	If Total Income upto ₹ 1 Cr	If Total Income exceed ₹ 1 Cr
Partnership Firm/ Limited Liability Partnership (LLP)		
Normal Income Tax	31.20%	34.944%
Local Authority		
Normal Income Tax	31.20%	34.944%
Co-operative Society (Other than opting u/s 115BAD)		
Upto ₹ 10,000/-	10.40%	11.648%
₹ 10,001/- to ₹ 20,000/-	20.80%	23.296%
₹ 20,001/- onwards	31.20%	34.944%
Co-operative Society (Optional) (Section-115BAD)	25.168%	25.168%

Particulars	If Total Income upto ₹ 1 Cr	If Total Income exceed ₹ 1 Cr and upto ₹ 10 Cr	If Total Income exceed ₹ 10 Crs
Companies			
Domestic Co. having turnover or gross receipts does not exceed ₹ 400 Cr. In previous year 2019-20	26.00%	27.82%	29.12%
Domestic Co. other than opting for 115BAA & 115BAB	31.20%	33.384%	34.944%
Domestic Co. opting for 115BAA	25.168%	25.168%	25.168%
Domestic Co. opting for 115BAB (New Domestic Manufacturing on or after 1 st October 2019)	17.16%	17.16%	17.16%
Company other than Domestic Company	41.60%	42.432%	43.68%
Minimum Alternate Tax for (Other than opting for 115BAA & 115BAB)			
Domestic Companies with Income less than ₹ 1 Cr.	19.24%	20.587%	21.549%
Other than Domestic Companies	19.24%	19.625%	20.202%

Particulars	If Total Income upto ₹ 50 lacs	If Total Income exceed ₹ 50 lacs and upto ₹ 1 Cr	If Total Income exceed ₹ 1 Cr and upto ₹ 2 Cr	If Total Income exceed ₹ 2 Cr and upto ₹ 5 Cr	If Total Income exceed ₹ 5 Cr and upto ₹ 10 Cr	If Total Income exceed ₹ 10 Cr
STCG on Listed Securities (111A)						
Individual, HUF, AOP & BOI	15.60%	17.16%	17.94%	17.94%	17.94%	17.94%
Partnership Firm	15.60%	15.60%	17.472%	17.472%	17.472%	17.472%
Domestic Co. Other than opting for 115BAA & 115BAB	15.60%	15.60%	16.692%	16.692%	16.692%	16.692%
Domestic Co. opting for 115BAA & 115BAB	17.16%	17.16%	17.16%	17.16%	17.16%	17.16%
Company other than Domestic Company	15.60%	15.60%	15.912%	15.912%	15.912%	16.38%
LTCG on Listed Securities (112A)						
Individual, HUF, AOP & BOI	10.4%	11.44%	11.96%	11.96%	11.96%	11.96%
Partnership Firm	10.40%	10.40%	11.648%	11.648%	11.648%	11.648%
Domestic Co. Other than opting for 115BAA & 115BAB	10.40%	10.40%	11.128%	11.128%	11.128%	11.648%
Domestic Co. opting for 115BAA & 115BAB	11.44%	11.44%	11.44%	11.44%	11.44%	11.44%
Company other than Domestic Company	10.40%	10.40%	10.608%	10.608%	10.608%	10.92%

Capital Gains tax on assets other than Listed Securities.

Particulars	STCG	LTCG
Individual, HUF, AOP & BOI with income less than ₹ 50 Lacs.	As per Slab	20.80%
Individual, HUF, AOP & BOI with income more than ₹ 50 Lacs but less than ₹ 1 Cr.	As per Slab	22.88%
Individual, HUF, AOP & BOI with income more than ₹ 1 Cr but less than ₹ 2 Cr	As per Slab	23.92%
Individual, HUF, AOP & BOI with income more than ₹ 2 Cr but less than ₹ 5 Cr	As per Slab	26.00%
Individual, HUF, AOP & BOI with income more than ₹ 5 Cr	As per Slab	28.50%
Partnership Firm with income less than ₹ 1 Cr.	31.20%	20.80%
Partnership Firm with income more than ₹ 1 Cr.	34.944%	23.296%
Domestic Co having turnover or gross receipts does not exceed ₹ 400 Cr. In previous year 2019-20		
Domestic Co. with Income less than ₹ 1 Cr.	26.00%	20.80%
Domestic Co. with Income more than ₹ 1Cr. But less than ₹ 10 Cr.	27.82%	22.26%
Domestic Co. with Income more than ₹ 10 Cr.	29.12%	23.296%
Other Domestic Companies Other than opting for 115BAA & 115BAB		
Domestic Co. with Income less than ₹ 1 Cr.	31.20%	20.80%
Domestic Co. with Income more than ₹ 1Cr. But less than ₹ 10 Cr.	33.384%	22.26%
Domestic Co. with Income more than ₹ 10 Cr.	34.944%	23.296%
Other Domestic Companies opting for 115BAA		
Domestic Co. with Income less than ₹ 1 Cr.	25.168%	22.88%
Domestic Co. with Income more than ₹ 1Cr.	25.168%	22.88%
Other Domestic Companies opting for 115BAB (New Domestic Manufacturing on or after 1st October 2019)		
Domestic Co. with Income less than ₹ 1 Cr.	17.16%	22.88%
Domestic Co. with Income more than ₹ 1 Cr.	17.16%	22.88%
Company other than Domestic Company with Income less than ₹ 1 Cr.	41.60%	20.80%
Company other than Domestic Company with Income more than ₹ 1 Cr. But less than ₹ 10 Cr.	42.432%	21.216%
Company other than Domestic Company with Income more than ₹ 10 Cr.	43.68%	21.84%

B - PERSONAL TAXATION**1. Exemption for LTC Cash Scheme:**

In view of the situation arising out of outbreak of COVID pandemic, it is proposed to provide tax exemption to cash allowance in lieu of LTC. Accordingly, for the assessment year beginning on the 1st day of April, 2021, the value in lieu of any travel concession or assistance received by, or due to, an individual shall also be exempt under this clause subject to fulfilment of conditions to be prescribed.

The Conditions for this purpose are: -

- a. The Employee exercises an option for the deemed LTC fare instead of applicable LTC in the block year 2018-21
- b. The employee or a member for his family should have incurred "specified expenditure" during the "specified period".
Here, Specified Expenditure refers to expenditures incurred on goods and services which are liable to GST at an aggregate rate of 12% or above and goods are purchased, or services are procured from registered vendors or service providers.
And Specified Period refers to period starting from 12th October, 2020 and ending on 31st March, 2021.
- c. The amount of exemption shall not exceed ₹ 36,000 per person or one-third of Specified expenditure, whichever is less.
- d. The payment should have made to GST registered vendor/service provider by the mode of account payee cheque drawn on a bank or account payee bank draft or by use of electronic clearing system through a bank account or through other electronic modes and tax invoice is obtained from such vendor/ service provider.
- e. If the amount received by an employee from its employer for LTC is more than the amount allowable to such employee, then the exemption shall only be available to the extent of exemption allowable.

Kindly note that the benefit of the LTC Cash Voucher scheme is available in the old tax regime. If an individual opts for the new tax regime, then tax benefit under the scheme will not be available. Further, it is also proposed to clarify by way of an Explanation that where an individual claims and is allowed exemption under the second proviso in connection with prescribed expenditure, no exemption shall be allowed under this clause in respect of same prescribed expenditure to any other individual.

The Amendment will take effect from 1st April, 2021 and will apply to the Assessment Year 2021-22 only.

2. Relaxation for Certain category of Senior Citizen from filing return of Income tax

It is proposed to provide relaxation to senior citizens who are of age 75 or above for filing the return of income subject to fulfilment of certain conditions: -

- a. The Senior Citizen must be a resident of India and of the age of 75 or more during the previous year.
- b. He has earned pension income and interest income from the same bank in which he is receiving his pension income.
- c. The bank must be a specified bank as notified by the Government.

- d. He shall be required to furnish a declaration to the specified bank containing such particulars, in such form and verified in such manner as may be prescribed.

After the declaration is furnished, the specified banks are required to compute the income of such senior citizen after giving effect to the deduction allowable under Chapter VI-A relating to general deduction and rebate allowable under Section 87A relating to relief provided to taxpayers having total income less than 5 lakhs and deduct income tax on the basis of rates in force. Once this is done, there will not be any requirement of furnishing return of income by such senior citizen for this assessment year.

3. Advance tax Instalment for Dividend Income

It is now proposed that dividend income other than deemed dividend shall not be considered for payment of Advance Tax as determination of advance tax liability accurately is not possible due to intrinsic nature of each income. However, the Assessee should pay full tax in subsequent advance tax instalments. This amendment will take effect from Assessment Year 2021-22.

4. Extending due date for filing return of Income in some cases, reducing time to file belated return and to revise original return and also to remove difficulty in cases of Defective returns.

It is now proposed that the last date for filing of belated or revised return of income will be reduced by 3 months. In other words, an Assessee can now file belated return or revised return before 3 months of the end of relevant Assessment Year or before the completion of assessment whichever is earlier. For Example, the due date for filing belated return or revised return for Financial Year 2020-21 is 31st March 2022. As per new provisions, the said due date is now reduced by 3 months and the revised due date to file belated return or revised return would be 31st December, 2021.

Earlier, in case of defective return, if the Assessee does not rectify the defect as intimated by Assessing officer, then such return shall be treated as Invalid Return. The Proviso lists the conditions in which a certain return of income shall be considered defective. In order to give justification to the representations received, it is now proposed that Board shall specify vide notification that those conditions shall not apply to a class of Assessee or shall apply with some modifications as may be specified in such notification.

These Amendments will take effect from 1st April, 2021 and will accordingly apply from Assessment year 2021-22.

C - BUSINESS INCOME**1. Rationalisation of provisions relating to tax audit in certain cases:**

As per the existing provisions, every person carrying on business is required to get his accounts audited, if his total sales, turnover or gross receipts in business during any previous year exceeds five crore rupees provided,

- a) aggregate of all receipts in cash during the previous year does not exceed five per cent of such receipt; and
- b) aggregate of all payments in cash during the previous year does not exceed five per cent of such payment.

Now, it has been proposed to increase the above threshold limit of turnover from existing five crore rupees to ten crore rupees in case listed above.

These amendments will take effect from A.Y.2021-22 and subsequent assessment years.

2. Rationalisation of provision of presumptive taxation for professional under section 44ADA:

As per the existing provisions in case of an assessee, being a resident in India engaged in a profession as mentioned in subsection (1) of the section 44AA, whose total gross receipts do not exceed fifty lakh rupees in a previous year, the profits and gains of such profession chargeable to tax shall be:

- a) a sum equal to fifty per cent of the total gross receipts of the assessee in the previous year from such profession; or
- b) a sum more than the fifty per cent claimed to have been earned by the assessee.

The existing provision of section 44ADA were applicable to resident assessee. However, the word "Resident Assessee" were not defined under the act.

Hence to make it clear in the law, it is now proposed that the provision of section i.e., 44ADA of the Act will be applicable to Individual, Hindu Undivided Family (HUF) or Partnership firm not being a Limited Liability Partnership (LLP).

These amendments will take effect from A.Y.2021-22 and subsequent assessment years.

3. Increase in safe harbour limit of 10% for home buyers and real estate developers selling such residential units:

Sec.43CA provides that where the consideration declared to be received or accruing as a result of the transfer of land or building or both, is less than the value adopted or assessed or assessable by the stamp valuation authority, the value so adopted or assessed or assessable shall for the purpose of computing profits and gains from transfer of such assets, be deemed to be the full value of consideration.

However, a safe harbour of 10% is provided wherein if the stamp duty valuation does not exceed 110% of the consideration declared, the consideration so declared shall be deemed to be the full value of consideration.

In order to boost the demand in the real-estate sector and to enable the real estate developers to liquidate their unsold inventory at a lower rate to home buyers, it is now proposed to increase the safe harbour limit from 10% to 20% if the following conditions are satisfied:

- a) The transfer of residential unit takes place during the period from 12th November 2020 to 30th June, 2021.
- b) The transfer is by way of first-time allotment of the residential unit to any person.
- c) The consideration received or accruing as a result of such transfer does not exceed ₹ 2 Cr.

Further, the consequential amendment is also proposed under section 56 of the Act to increase the said limit from existing 10% to 20%.

These amendments will take effect from A.Y. 2021-22 and subsequent assessment years.

4. Payment by employer of employee contribution to a fund on or before due date:

Many high courts have ruled that the employee's contribution to any provident fund or superannuation fund or any fund of ESIC Act or any other fund for the employee's welfare funds is covered under section 43B and accordingly allowable if it is paid before the due date of filling of return like employer's contribution in these funds.

In order to counter the ruling of the high court, it is now proposed that the employee's contribution to any provident fund or superannuation fund or any fund of ESIC Act or any other fund for the employee's welfare funds will not be allowed as a deduction under section 43B. Accordingly the employee's contribution has to be deposited on or before the due date of such payment.

These amendments will take effect from A.Y.2021-22 and subsequent years.

5. Depreciation on Goodwill:

The bill has proposed to amend various sections under the Income tax Act to ensure that no depreciation is allowed on the goodwill.

It has been proposed that,

- a) 'Block of asset' shall not include goodwill of a business or profession.
- b) Goodwill of a business or profession shall not be considered as an asset and hence not eligible for depreciation.
- c) Where Goodwill of Business or profession forms a part of Block of Asset as on previous year 1st April 2019, and depreciation has been obtained by the assessee, 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.
- d) Moreover, in case of capital asset being Goodwill/ trademark or brand name/ right to manufacture/ produce or process any article or thing/ right to carry on any business or profession/ tenancy rights, or stage carriage permits, or loom hours Cost of Acquisition means:

Sr. No.	Cases	Cost of Acquisition
1	In case of acquisition of such asset by the assessee by purchase from previous owner	Amount of the purchase price
2.	In case falling under section 49(1)-(i) to (iv), where such asset was acquired by the previous owner by purchase	Amount of the purchase price for previous owner
3.	any other case	Nil

6. Further, if the goodwill of business or profession is acquired by the assessee by way of purchase from a previous owner and any deduction on account of depreciation has been obtained by the assessee in any previous year preceding the previous year relevant to the assessment year commencing on or after the 1st April 2021, then the Cost of Acquisition will be the purchase price as reduced by the depreciation so obtained by the assessee before the previous year relevant to the assessment year commencing on 1st April 2021.

These amendments will take effect from A.Y.2021-22 and subsequent assessment years.

D - CAPITAL GAIN

1. Rationalization of the provision of the Slump Sale:

According to the existing provision of the sub-section (42C) of section 2 of the Act defines "Slump Sale" means the transfer of one or more undertakings as a result of the lump sum consideration without value being assigned to individual assets & liabilities in such cases. However, there were ambiguity with regard to other means of transfer in relation to capital asset like exchange, relinquishment etc., whether the said to be included or not.

Now it has been proposed that "all types of transfer" are included in definition of slump sale. Therefore, the following types of transfer will be considered as a slump sale:

- a) Sale, exchange or relinquishment of the asset; or
- b) Extinguishment of any rights therein; or
- c) Compulsory acquisition thereof under any law; or
- d) in a case where the asset is converted by the owner thereof into, or is treated by him as, stock-in-trade of a business carried on by him, such conversion or treatment; or
- e) maturity or redemption of a zero-coupon bond; or
- f) any transaction involving the allowing of the possession of any immovable property to be taken or retained in part performance of a contract of the nature referred to in section 53A of the Transfer of Property Act, 1882 (4 of 1882); or
- g) any transaction (whether by way of becoming a member of, or acquiring shares in, a co-operative society, company or other association of persons or by way of any agreement or any arrangement or in any other manner whatsoever) which has the effect of transferring, or enabling the enjoyment of, any immovable property.

These amendments will take effect from A.Y. 2021-22 and subsequent assessment years.

2. Rationalization of provision of transfer of capital asset to partner on dissolution or reconstitution:

The existing provision of section 45(4) provides for taxation of capital gains in the hands of partnership firm or AOP or BOI upon transfer of capital asset to partner or member on dissolution or reconstitution. Further, it provides that the fair market value (FMV) of the asset on the date of such transfer shall be deemed to be the full value of the consideration for the purposes of Sec. 48.

However, there were uncertainty with regard to applicability of the above provision in a situation where (i) assets were revalued (ii) Self-generated assets are recorded in the books of account and (iii) Payment is made to partner or member which is in excess of his capital contribution.

Therefore, to make it clear in the law, it has been proposed to substitute the above existing provision of section 45(4) of the Act with new provision to provide that newly sub-section (4) of the Act applies in a case where a specified person (i.e. partner or member) receives any capital asset at the time of dissolution or reconstitution of the specified entity (i.e. partnership firm or AOP /BOI), the capital gains shall be chargeable to tax in the hands of such specified entity in the previous year in which the capital asset was received by the specified person and the FMV as on the date of receipt will be deemed to be full value consideration;

Moreover, the bill also proposes similar taxability for receipts of money or other assets by inserting new subsection (4A) to section 45 of the Act that, where a specified person receives any money or other asset at the time of dissolution or reconstitution of the specified entity and

the same is in excess of balance in the capital account of the specified person, in such situation profit or gains arising from the receipt of money or other assets shall be chargeable to tax as income of specified entity under the head "Capital Gains" in the year in which the money or other assets was received by the specified person.

Further the bill clarifies that the balance in the capital account of the specified person in the books of account of the specified entity is to be calculated without considering increase due to revaluation / self-generated goodwill / asset;

These amendments will take effect from A.Y. 2021-22 and subsequent assessment years.

Rationalization of Minimum Alternate Taxation (MAT)

Sec 115JB of the Act refers to MAT calculation of tax at the rate of 15% of its book profit. Book profit is computed by making certain adjustment to Profit as per Profit & Loss account prepared by the company as per Companies act 2013.

It is proposed to amend the provision of Section 115 JB to provide for the adjustment with reference to:

- Secondary adjustment under section 92 CE: it is proposed 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, recompute the book profit of the past year(s) and tax payable, if any, during the previous year, in the prescribed manner.

Accordingly, the past year income is to be excluded for the purpose of computing the current year Book Profit for the purpose of MAT.

- Dividend Income in the hands of Foreign Company: it is proposed that both specified dividend income and the expense claimed in respect thereof are reduced and added back, while computing book profit in case of foreign companies where such income is taxed at lower than MAT rate due to DTAA.

Accordingly, the Dividend Income is to be Reduced and Expenses will be added back from the Book Profit for the purpose of MAT.

F - DEDUCTION AND EXEMPTION

1. Raising of prescribed limit for exemption for charitable institutions under Section 10 (23C) of the Act:

Under the existing provisions, exemption for the income received by any person on behalf of university or educational institution or hospital or institution as referred to in above mentioned sub-clauses are available subject to the condition that the annual receipts of such institutions do not exceed ₹ 1 crore.

In order to provide benefit to small trust and institutions, it has been proposed that the exemption under the above-mentioned sub clauses shall be increased to ₹ 5 crore.

2. Taxation of proceeds of high premium unit linked insurance policy (ULIP):

Clause (10D) of section 10 of the Act provides for the exemption for the sum received under a life insurance policy, including the sum allocated by way of bonus on such policy in respect of which the premium payable for any of the years during the terms of the policy does not exceed ten percent of the actual capital sum assured.

Under the existing provisions of the Act, there is no limit on the amount of exemption of premium being paid by any person. Hence High net worth individuals are claiming exemption under this clause by investing in ULIP with huge premium which defeats the legislative intent of this clause.

The intention was to provide benefit to small and genuine cases of life insurance. Hence, it is proposed to provide for the followings:

- a. ULIP is defined as a life insurance policy which has components of both investment and insurance and is linked to a unit.
- b. Exemption under this clause shall not apply if the amount of premium payable for one ULIP or aggregate premium is payable by a person for more than one ULIPs issued on or after the 1st February, 2021, for any of the previous year during the term of the policy exceeds two lakh and fifty thousand rupees.
- c. It is provided that the limit of two lakh fifty thousand shall not apply in case of any sum received on the death of a person.
- d. CBDT is enabled to issue guidelines with the approval of central government to remove difficulties and to lay such guidelines before each House of Parliament and to make it binding on the income-tax authorities and the assessee.
- e. ULIP to which exemption as mentioned in above section does not apply, is to be treated as a capital asset.
- f. Also Include such ULIPs in the definition of Equity oriented fund so as to provide them same treatment as unit of equity-oriented fund. Thus, provisions of section 111A and 112A would apply on sale/redemption of such ULIPs.

These amendments will take effect from 1st April, 2021 and will accordingly apply to the assessment year 2021-22 and subsequent assessment years.

3. Taxability of Interest on various funds where income is exempt:

Section 10(11) of the income tax act provides the exemptions of contribution amount and interest received from the statutory provident fund, on the termination of assessee from the company or firm will be exempted.

Instances have come to the notice where some employees are contributing huge amounts to these funds and entire interest accrued/received on such contributions is exempt from tax.

Hence, it is proposed to insert proviso to clause (11) and (12) of section 10 that above exemption shall not apply to the interest income accrued to the extent it relates to the amount or the aggregate of amounts of contribution made by the person exceeds two lakh and fifty thousand rupees in a previous year in that fund, on or after 1st April, 2021 computed in such manner as may be prescribed.

4. Extending time limit for Affordable Housing project for availing deduction u/s 80-IBA:

The existing Provision of Section 80-IBA Provides that the Assessee will be allowed 100% deduction of Income from any profits and gains derived from the business of developing and building affordable housing project, subject to certain conditions. One of the conditions to avail this deduction that project is approved by the competent authority after the 1st June, 2016 but on or before the 31st March, 2021, which is now extended to 31st march, 2022.

5. Extending of date of sanction of loan for affordable residential house property u/s 80EEA:

The existing provision of the section 80EEA provides the deduction of interest on loan taken for a residential house property from any financial institution up to one lakh fifty-thousand rupees subject to the condition that the loan has been sanctioned during the period beginning on 1st April, 2019 and ending on 31st March, 2021 which is now extended to 31st March, 2022.

6. Extension of date of incorporation for eligible start up for exemption and for capital gain:

The existing provisions of the section 80-IAC provides that the deduction of an amount equal to 100% of the profits and gains derived from an eligible business by an eligible start-up for 3 consecutive assessment years out of 10 years at the option of the assessee. This is subject to the condition that the total turnover of its business does not exceed 100 crore rupees. The eligible start-up is required to be incorporated on or after 1st day of April, 2016 but before 1st day of April 2021. The outer Time limit is now extended from 1st April, 2021 to 1st April, 2022.

The existing provisions of the section 54GB provide for exemption of capital gain which arises from the transfer of a long-term capital asset, being a residential property (a house or a plot of land), owned by the eligible assessee. The assessee is required to utilize the net consideration for subscription in the equity shares of an eligible start-up, before the due date of furnishing of return of income under sub-section (1) of section 139 of the Act. The eligible start-up is required to utilize this amount for purchase of new asset within one year from the date of subscription in equity shares by the assessee. Further, it has been provided that benefit is available only when the residential property is transferred on or before 31st March, 2021. The outer Time limit is now extended from 1st April, 2021 to 1st April, 2022.

7. Issuance of Zero-Coupon Bond by Infrastructure Debt Fund:

In order to enable infrastructure debt fund to issue zero coupon bond necessary amendments are proposed in clause (48) of section 2 of the Act. Rules 2F and 8B of Income-tax Rules shall be amendment subsequently after the Finance Bill 2021 is enacted.

8. Rationalization of the provision of Charitable Trust and Institutions to eliminate Possibility of double deduction while calculating application or accumulation:

Under the existing provisions of the Income-tax Act, 1961, voluntary contribution made with specific direction that they shall form part of the corpus of the trust or institute shall not be included in the total income of the trust or institute.

These entities are not allowed to accumulate more than 15% of their income or accumulate for specific purpose up to 5 years, other than corpus donations referred above. Instances have come to the notice where these entities claim the corpus donations to be exempt and at the same time claim their application as part of the mandatory 85% application from income other than such corpus. This results in a situation where the corpus income has been exempted and its application has been claimed as application against the mandatory 85% application of non-corpus income.

Instances have also come to the notice where these entities take loans or borrowings and make application for charitable or religious purposes out of the proceeds of loans and borrowings. Such loans or borrowings when repaid, are again claimed as application. This results in unintended double deduction.

To Eliminate effect of Double counting while calculating of application or accumulation, it is proposed that -

- a. Voluntary Contributions made with a specific direction shall be invested or deposited in one or more specified in section 11(5) maintain specifically for such a corpus.
- b. Application out of corpus shall not be considered as application for charitable or religious purpose. However, when it is invested or deposited back as mention above from income of the previous year, such amount shall be allowed as application in previous year in which it is deposited back to corpus to the extent of such a deposit or investment.
- c. Application from loans and borrowings shall not be considered as application for charitable or religious purposes. However, when loan or borrowing is repaid from the income of the previous year, such repayment shall be allowed as application in the previous year in which it is repaid to the extent of such repayment.
- d. No set off or deduction or allowance of any excess application, of any of the year preceding the previous year, shall be allowed.

G - RETURN & ASSESSMENT

1. Relaxation for Senior citizen from filing IT Return:

A resident individual...

- whose age is 75 years or more.
- has earned income from pension and interest income from the bank in which the pension is received.

... Will not be required to furnish the income tax return w.e.f Financial Year 2021-22.

The person must furnish the declaration to the specified bank. The bank will calculate the tax after all the deductions and rebate as per Income Tax Act, 1961 and will deduct the tax from his/her Income.

2. Constitution of Dispute Resolution Committee for Small and Medium Taxpayers:

For greater efficiency, transparency and accountability, the Central Government has proposed to constitute one or more Dispute Resolution Committee for person who's returned Income is ₹ 50 Lakhs or less and the addition is ₹ 10 Lakhs or less and the Board will issue other specified condition in due course for eligibility w.e.f. 1st April, 2021.

This Committee will be formed for certain specified person or class of person which shall be specified by the Board except...

- Search cases
- Survey cases
- Agreement with foreign countries and specified territories to avoid the double taxation.
- Prosecution, Conviction and Detention.

The DRC shall have powers to reduce or waive or grant immunity from penalty and prosecution for any offense under the Act.

3. Income Escaping Assessment and Search Assessment:

Currently, the income tax department can reopen case up to 6 years. It is proposed to reduce the said period to re-open the case only for 3 preceding assessment year instead of 6 preceding assessment years after the approval of Principal Commissioner/ Director.

In certain specific cases where the Department has evidence to believe that the income escaping assessment is ₹ 50 Lakhs or more, the Department has right to re-open the case upto the period of 10 preceding assessment years.

4. Provision for Faceless Proceeding before the Income-tax Appellate Tribunal (ITAT):

Under the existing provision of the Act, appeal proceeding before Income Tax Appellate Tribunal (ITAT) is conducted manually.

With a view to eliminate interface between the department and the appellant, for greater efficiency, transparency and accountability of assessment proceedings, it has been proposed to include scheme of Faceless ITAT proceedings with dynamic jurisdiction in line with E-assessment whereby neither appellant nor AR will be required to attend ITAT office.

5. Discontinuance of Income Tax Settlement Commission (ITSC):

It is proposed to discontinue ITSC w.e.f 1st Feb 2021 and therefore no further applications will be accepted from 1st Feb 2021; & an interim board of settlement will be constituted for pending application.

All application which was ...

- filed on or before 31st January 2021 and
- are not declared invalid on or before 31st January 2021 and
- no order is issued till 31st January 2021.

shall be treated as pending application.

The Taxpayer whose application is considered as pending application has an option to withdraw such application within a period of 3 months starting from the date of commencement of Finance Act, 2021. For those who have withdrawn their application, no interest will be charged from the date of application made to ITSC till the date of withdrawing the application.

6. Reduction of Time limit for Completing the assessment proceedings:

The assessment order under section 143 or 144 from the assessment year 2021-22 onwards should be passed within 9 months from the 31st March of the assessment year. Hence, the assessment proceedings for AY 2021-22 should be concluded within 31.12.2022.

7. Provisional attachment in Fake invoice Case:

In recent past, we have seen substantial number of Search conducted by GST or IT department and unearthed bogus and fake billings for claim of Input Tax Credit and other scrupulous purposes. As a punitive step, last year the Income Tax Act was amended with a stipulation that if the person in any proceeding is found to have passed fake entry or has omitted any entry or has prepared fake invoices, will be liable to pay penalty under section 271AAD equivalent to value of fake invoice/entry.

During the current budget, more powers are given to authorities whereby it is proposed that the Department will have power to attach the any assets of the Taxpayer, if the Taxpayer fails to pay the Tax demand on time and the aggregate amount of penalty imposed exceeds ₹ 2 Crores.

8. Rationalisation of the Provision relating to Processing of Returned Income and Issuance of Notice Under Section 143(2):

Under the existing provisions, the Taxpayer can file belated return till the end of Assessment year. Revised returns can also be filed up to the end of Assessment Year. It is proposed to reduce the said due date for filing belated return and revised return by 3 months. Hence, stated belated and revised returns can be filed up to December of the assessment year.

It is proposed to reduce the time limit of Intimation under section 143(1) from one year to nine months from the completion of the financial year.

It is proposed to reduce the time limit of Issue of Notice under section 143(2) from six months to three months from the completion of the financial year.

This will take effect from 1st April, 2021.

9. Extension of filling the application under Vivad Se Vishwas Act, 2020:

The time limit for filing E-Application under Vivad Se Vishwas Act, 2020 has been extended from 31st January, 2021 to 28th February, 2021.

H - TAX DEDUCTED AT SOURCES & TAX COLLECTED AT SOURCES

1. 194- TDS on payment of Dividend to a Business Trust:

Section 194 of the Act provides for deduction of Tax at Source (TDS) on payment of dividends to a resident. It is proposed to amend second proviso retrospectively from 1st April, 2020 that this section shall also not apply to payment of dividend to a Business Trust by a Special Purpose Vehicle (SPV) or any other person as may be notified.

2. TDS/TCS on non-filers of income-tax return at higher rates:

Section 206AA and 206CC of the Act provide for higher rate of TDS and TCS respectively for non-furnishing of PAN. Similarly, it is proposed to insert new sections 206AB and 206CCA to provide for higher rate of TDS and TCS respectively for the non-filers of income tax return to have similar provision to ensure filing of Income tax return by those persons who have suffered a reasonable amount of TDS/TCS. The same will take effect from 1st July, 2021.

TDS or TCS, as the case may be, would apply on any sum or income or amount paid, or payable or credited, by a person (herein referred to as deductee) to a specified person. This Section shall not apply where tax is required to be deducted u/s 192, 192A, 194B, 194BB, 194LBC OR 194N.

The specified person is a person who has not filed the returns of income for both of the two assessment years relevant to the two previous years which are immediately before the previous year in which tax is required to be deducted or collected, as the case may be and the time limit for filing income tax return under section 139(1) of the Act has expired for both these assessment years. Further, these provisions would be applicable only if the aggregate of TDS and TCS is ₹ 50,000 or more in each of these two previous years.

The proposed TDS rate under section 206AB is higher of the followings rates: -

- twice the rate specified in the relevant provision of the Act; or
- twice the rate or rates in force; or
- the rate of 5%

The proposed TCS rate under section 206CCA is higher of the following rates: -

- twice the rate specified in the relevant provision of the Act; or
- the rate of 5%

If the provisions of both section 206AA and 206AB or 206CC and 206CCA, as the case may be, are applicable to a specified person, the tax shall be deducted or collected at higher of the two rates provided under respective sections.

3. Equalisation Levy in case of e-commerce operator

Equalisation Levy is levied at the rate of 2% of the amount of consideration received or receivable by an e-commerce operator. In this regards it is hereby clarified retrospectively from 1st April, 2020 as below:

- Insert explanation to section 163 of the finance Act, 2016, clarifying that consideration received or receivable for specified services and e-commerce supply or services shall not include consideration which is taxable as royalty or fees for technical services in India under the Income-tax Act read with agreement notified u/s 90 or 90A (DTAA).

- Insert explanation to section 164 (cb) of the finance Act, 2016, for the purposes of defining e-commerce supply or service, “online sale of goods” and “online provision of services” shall include one or more of the following activities taking place online:
 - o Acceptance of offer for sale;
 - o Placing the purchase order;
 - o Acceptance of the Purchase order;
 - o Payment of consideration; or
 - o Supply of goods or provision of services, partly or wholly
- Amend section 165A of Finance Act, 2016, to provide consideration received or receivable from e-commerce supply or services shall include:
 - o Consideration for sale of goods irrespective of whether the e-commerce operator owns the goods; and
 - o Consideration for provision of services irrespective of whether service is provided or facilitated by the e-commerce operator.

4. TDS on purchase of goods

It is proposed to provide for TDS with effect from 1st July, 2021 by person responsible for paying any sum to any resident for purchase of goods, at the rate of 0.1%. To reduce the compliance burden for small taxpayers the liability to deduct TDS is kept only on those persons (i.e., Buyer) whose total Sales, Gross Receipts or Turnover from the business carried on by him exceed ₹ 10 crores during the financial year immediately preceding the financial year in which the purchase of goods is carried out.

Tax is required to be deducted by such person, if the purchase of goods by him from the seller is of the value or aggregate of such value exceeding ₹ 50 lakhs in the previous year. The provisions of this section shall not apply where TDS or TCS is required to be deducted or collected under any other provision of the Act with the only exception is that where both TCS under section 206C (1H) and TDS under this section are applicable then only TDS under this section shall be carried out.

I - INDIRECT TAXES

STATUTORY AMENDMENT IN CGST ACT, 2017

1. Section 16 (2) of the CGST Act, 2017 lists 4 conditions for entitlement of input tax credit (ITC) as beneath:
 - a. Possession of tax invoice or debit note;
 - b. Receipt of goods or services or both;
 - c. Actual payment of tax by the supplier AND
 - d. Furnishing of return GSTR 3B.

Also, rule 36(4) was made effective from 9-10-19 restricting the ITC relating to the invoices not uploaded by the suppliers in their form GSTR-1 to the extent of 20% (10% w.e.f. 1-1-20) of such ITC. Further w.e.f. 1-1-21, said percentage was further reduced to 5%. The constitutional validity of the same is already challenged at various courts.

Now, to give statutory backing to the above most disputed rule 36(4), a new condition in form of clause (aa) is being proposed in section 16. It proposed that ITC may be availed only when the details of invoices or debit notes have been furnished by supplier in form GSTR 1 and such details have been available with recipient in (form GSTR 2A). Meaning thereby, ITC can be availed by recipient only if it is appearing in GSTR 2A.

The provision shall be effective from date to be notified.

2. Section 35(5) which deals with audit of accounts and certification of reconciliation statements by CA/CMA is proposed to be omitted. Now GST audit is being replaced by self-certified reconciliation statement.

The taxpayer is still required to furnish reconciliation statement on self-certification basis. It is only the responsibility of reconciliation has been proposed to be shifted from CA/CMA to the Taxpayer. The newly substituted section 44 (Annual Return) requires taxpayer to file an annual return along with a self-certified reconciliation statement, reconciling the value of supplies as reported in return with that of audited financial statements. The time, form and manner in this respect shall be prescribed soon.

The provision shall be effective from the date to be notified.

3. The Finance Act 2019 brought amendment in section 50 relating to interest liability on late payment of GST. It provided that the interest shall be levied only on that portion of the GST which is paid by debiting electronic cash ledger and not on input tax credit portion. There was uncertainty with reference to effective date of such provision. The unresolved ambiguity now resolved. The said provision is now made retrospectively effective from 1-17-2017.

It is being reiterated again that in case GST return is filed subsequent to initiation of demands and recovery proceedings u/s. 73 or 74, then still the GST department reserves the right to collect tax on gross GST liability, ignoring input tax credit utilised.

4. The Hon'ble Supreme Court in case of Calcutta Club Limited held that, owing to principle of mutuality, clubs need not to pay sales tax or service tax on sale of goods or provision of services by a member's club to their own members. This decision raises many doubts as to applicability of

the same principle under GST regime, since it has simply replaced the erstwhile sales tax / service tax.

To put rest to all ambiguity, the new clause (aa) is proposed to be inserted in Section 7(1) (Supply) to levy tax on supply of goods or services by any person, other than individual, (such as club, associations, etc) to its members or constituents or vice-versa for cash, deferred payment, or other valuable consideration. In short, mutually concept has been done away with under GST regime.

An explanation was further added to explain that the person and its members or constituents shall be deemed to be two separate persons for all the purposes of GST.

The amended proposed to be retrospectively effective from 1-7-2017.

5. By way of adding explanation to section 75(12), the term self-assessed tax is widened and now the recovery can be initiated by the proper officer not only for tax payable as per Section 39 return (GSTR 3B) but also for the outward supply liability shown in the statement filed as per Section 37 return (GSTR 1).
6. The ambit of section 83 relating to provisional attachment of any property is further increased by way of substitution of 'section' by 'chapters' of the CGST Act. Now, broad, and very wide powers are given to the officers.
7. As per section 107 relating to appeals to appellate authority, the pre-deposit of 10% of tax liability is mandatory. Now it is being proposed to increase pre deposit to 25% of the penalty amount in case of detention and seizure of conveyance and goods during transit.
8. It is proposed to amend section 74 of the Central Goods and Services Tax Act so as to make seizure and confiscation of goods and conveyances in transit a separate proceeding from the recovery of tax.
9. The substantial changes are proposed under section 129 relating to detention, seizure and release of goods and conveyance during the transit. This section deals with release of detained/seized goods/conveyance when such detention/seizure arises on account of contravention of the provisions of the GST Act or the rules.
 - The term 'tax' is removed from the provision meaning thereby payment of tax and Interest is no more pre-requisite for release of conveyance and goods, only penalty shall be required to be paid by the concerned person.
 - However, the penalty has been increased from 100% to 200% of the tax payable on such goods.
 - It is being proposed that the conveyance and goods detained by the officer cannot be released on execution of bond and bank guarantee as security. Now, the penalty imposed by the officer will have to be paid compulsory in cash by the taxpayer.
 - Time limit for notice and order now prescribed. The proper officer detaining or seizing goods or conveyance shall issue a notice within 7 days of such detention or seizure, specifying the penalty payable, and thereafter, pass an order within a period of 7 days from the date of service of such notice, for payment of penalty.
 - Relief is proposed with respect to release of conveyance on payment of penalty imposed by the officer or ₹ 1 Lac whichever is less if the same is paid by the transporter.

STATUTORY AMENDMENT IN IGST ACT, 2017

1. Zero rated supply includes supply of goods or services made to SEZ developer or unit. Now, the benefit of zero rating shall be available only for the supply of goods or services for the authorised operations and not for every supply per se. Earlier, the benefit was being extended to all supplies made to SEZ, whether for authorised operations or not. Separate procedure is being prescribed under SEZ laws for authorised operations.
2. There is complete change relating refund and payment of GST for zero rated supply transaction.

Hitherto, zero rated supplier were having two option (i) to export with payment of IGST and claim refund of tax already paid thereof; or (ii) to export without payment of IGST under LUT and claim refund of unutilised ITC thereof.

Now it is being proposed that the option of making zero rated supply on payment of IGST shall be extended to only notified class of persons and/or notified class of goods/services. Meaning thereby, other than notified categories, most of the taxpayers will have to export without payment of tax and claim refund of unutilised ITC. The separate notification shall be issued notifying eligible person/goods/services, conditions, safeguards and procedures for the same.

3. The person making zero rated supply of goods shall, in case of non-realisation of sale proceeds, be liable to deposit the refund received along with applicable interest within 30 days after expiry of the time limit prescribed under the FEMA for receipt of foreign remittance. Probably, this amendment is aimed to offer statutory backing to Rule 96B.

AMENDMENT IN THE CUSTOMS ACT, 1962

1. A new section introduced under the Custom Act, 1962 i.e., 154 C defining the Common customs Electronic Portal which is facilitating in registration, filling entry of various bills and payment of duty.
2. Now, the Commissioner of Customs has power to carry out the functions on exercising the powers and discharge the duties conferred or imposed on an officer of customs.
3. Exemption granted under Section 25 i.e., by way of any notification will come to an end after 2 years from the date of such grant. So, all existing conditional exemptions shall come to an end on 31st March, 2023.
4. For completion of any proceeding under this Act, commissioner can extend the date by one year extending the present time limit of 2 years.
5. Penalty on fraudulent Input tax Credit imposed which is five times of the amount of fraudulent ITC claimed.
6. Earlier amendment in the bill of entry or a shipping bill of export was allowed after getting authorisation from officer, which is amended now, and it will allow the importer and exporter to amend the same by using Common customs Electronic Portal.

AMENDMENT IN THE CENTRAL EXCISE ACT, 1944

Levy of AIDC

A new "AIDC Cess" has been introduced on Petrol and Diesel of **Agriculture Infrastructure and development CESS (AIDC)** which is used for improvement of Agriculture Infrastructure and other development Expenditure.

Commodity	Rate of AIDC
Motor Spirit Known as Petrol	₹ 2.5 per Litre
High speed Diesel	₹ 4 per Litre

Change in rate of Basic Excise Duty (BED) and Special Additional Excise Duty (SAED) on Petrol and Diesel

Imposition of Agriculture Infrastructure and development CESS (AIDC) cause the change in rate of Basic Excise Duty and Special Additional Excise Duty on Petrol and Diesel.

The revised rate of Basic Excise Duty and Special Additional Excise Duty are as follows. The SAED (Special Additional Excise Duty) on the same has been reduced so that the consumers do not have to bear any additional burden.

Item	BED (₹ /Ltr)	SAED (₹ /Ltr)	AIDC (₹ /Ltr)
Petrol (Unbranded)	1.4	11	2.5
Petrol (Branded)	2.6	11	2.5
High Speed Diesel (Unbranded)	1.8	8	4
High Speed Diesel (Branded)	4.2	8	4

CHANGES IN CUSTOM DUTY RATES:

Basic Custom Duty seems to have been rationalized to support the Atmanirbhar Bharat Push and to provide support to Production Linked Incentive Schemes.

With Entry of Agriculture Infrastructure Development Cess (AIDC), the basic custom duty rates of various items have been decreased so that the consumer do not have to bear the burden of the imposition of new cess.

All changes in the rates of Custom Duty and other cess is applicable from February 2,2021 unless otherwise specified.

Sr. No	Particulars	Custom Duty Rate	
		Current Rate	Proposed Rate
Tariff rates change on Basic Custom duties on various products has been increased. The rate list of the commonly used items is as under:			
1.	Chemicals		
	Carbon Black	5%	7.5%
2.	Plastic items		
	Builder's ware of Plastics	10%	15%
3.	Gems and Jewellery Sector		
	Cut and Polished Synthetic stones	10%	15%
4.	Electrical and Electronics Sector		
	Compressors (used in refrigerating and air-conditioning equipment)	12.5%	15%
	Printed Circuit Board Assembly [PCBA] of charger or adapter	10%	15%

5. Parts of Automobiles			
	Safety glass (All goods under this heading, other than those used with motor vehicles, will continue to attract the existing effective rate of BCD at 10%)	10%	15%
	Parts of Electrical lighting and signalling equipment, windscreen wipers, defrosters and Demisters (used for cycles or motor vehicles)	10%	15%
	Ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	10%	15%
	Instrument Panel Clocks and Clocks of a similar type for vehicles, Aircraft, Spacecraft or Vessels	10%	15%
Tariff Rate Changes (Without Changes in the effective rates of Basic Custom Duty)			
1.	Air compressors ,Gas Compressors free-piston generators for gas turbine, turbo charger and other compressors	7.5%	15%
2.	Electric Motors	10%	15%
3.	Relays	10%	15%
4.	Boards, panels, consoles, etc. for electric control	10%	15%
5.	Other instruments, appliances and machines	7.5%	15%
6.	Electronic automatic regulators and other controlling instruments or apparatus	10%	15%

IMPOSITION OF AGRICULTURE INFRASTRUCTURE AND DEVELOPMENT CESS (AIDC) ON IMPORT OF CERTAIN ITEMS

The updated tariff of revised basic custom duty and newly imposed Agriculture Infrastructure and Development Cess (AIDC) is tabulated below.

Sr. No	Particulars	Custom Duty Rate	
		Basic Custom Duty	AIDC
1.	Apples	15%	35%
2.	Crude Palm Oil	15%	17.5%
3.	Crude Soya-bean oil	15%	20%
4.	Crude Sunflower seed	15%	20%
5.	Peas (Pisum sativum)	10%	40%
6.	Kabuli Chana	10%	30%
7.	Bengal Gram (desi chana)	10%	50%
8.	Chick Peas (garbanzos)	10%	50%
9.	Lentils (Mosur)	10%	20%
10.	All goods (Wine)	50%	100%
11.	Vermouth and other wine of fresh grapes, flavoured	50%	100%
12.	Other fermented beverages for example, Cider, Perry, Mead, sake, mixture of fermented beverages or fermented beverages and non-alcoholic beverages	50%	100%
13.	All goods (Brandy, Bourbon whiskey, Scotch etc.)	50%	100%
14.	Various types of coal	1%	1.5%

15.	Lignite, whether or not agglomerated	1%	1.5%
16.	Peat, whether or not agglomerated	1%	1.5%
17.	Ammonium nitrate	Nil	5%
18.	Muriate of potash, for use as manure or for the production of complex fertilisers	2.5%	5%
19.	Diammonium phosphate, for use as manure or for the production of complex fertilisers	Nil	5%
20.	Cotton (not carded or combed)	5%	5%
21.	Silver (including imports by eligible passengers)	7.5%	2.5%
22.	Silver Dore	6.1%	2.5%
23.	Gold (including imports by eligible passengers)	7.5%	2.5%

Pruning down the various Custom Duty Exemption:

Various Exemption available on certain goods earlier are withdrawn now. The following exemption has been withdrawn.

Sr. No	Particulars
1.	Diphenyl methane 4, 4-diisocyanate (MDI) for use in the manufacture of spandex yarn
2.	Ink cartridges, ribbon assembly, ribbon gear assembly, ribbon gear carriages for use in printers for computers
3.	71 items like wax items, wood polish materials, prints for photo frames, velvet fabric/paper, handles /blades for cutlery, jigat wine tools etc.
4.	35 items like fasteners, zippers shoulder pads, buckles, rivets, Velcro tape, toggles, stud, elastic cloth and band, bobbin, hooks, anglets etc.
5.	42 items like buckles, buttons, stamping foil, sewing thread, Loop rivets, Glove Liners, shoelaces, inlay cards etc.
6.	18 items like lace, Velcro tape, curtain hooks, Tassel, Beads, Sequins, sewing threads, poly wadding materials, quilted wadding materials etc.

OTHER PROPOSALS INVOLVING CHANGE IN BASIC CUSTOM DUTY RATES IN RESPECTIVE NOTIFICATIONS

Sr. No	Particulars	Custom Duty Rate	
		Current Rate	Proposed
	Agricultural Products and By-products		
1	Denatured Ethyl Alcohol(ethanol) for use in manufacture of excisable goods	2.5%	5%
2	All goods except dog and cat food and shrimp larvae feed	Nil/5%/10% /15%/20%/ 30%	15%
	Minerals		
3	Natural borates and concentrates thereof	Nil/5%	2.5%

	Fuels, Chemicals and Plastics		
4	Naphtha	4%	2.5%
5	Bis-phenol A	Nil	7.5%
7	Epichlorohydrin	2.5%	7.5%
8	Caprolactum	7.5%	5%
9	Polycarbonates	5%	7.5%
10	Nylon chips	7.5%	5%
11	Other plates, sheets, films, etc. of other plastics	10%	15%
	Leather		
12	Wet blue chrome tanned leather, crust leather, finished leather of all kinds, including splits and sides of the aforesaid	Nil	10%
	Textiles		
13	Raw Silk	10%	15%
14	Silk yarn, yarn spun from silk waste (weather or not put up for retail sale)	10%	15%
15	Raw cotton	Nil	5% + 5% AIDC*
16	Cotton waste (including yarn waste or garneted stock)	Nil	10%
17	Nylon Fibre and Yarn	7.5%	5%
	Gems and Jewellery Sector		
18	Silver	12.5%	7.5% + 2.5% AIDC
19	Silver Dore	11%	6.1% + 2.5%
20	Gold	12.5%	7.5% + 2.5% AIDC
21	Gold Dore	11.85%	6.9% + 2.5% AIDC
22	Base metals or precious metals clad with precious metals	12.5%	10%
23	Other precious metals like platinum, Palladium, etc.	12.5%	10%
24	Waste and scrap of precious metals or metals clad with precious metals	12.5%	10%
25	Spent catalyst or ash containing precious metals	11.85%	9.17%
26	Gold or silver Findings	20%	10%
27	Coin	12.5%	10%
	Metals		
28	Iron and steel scrap, including stainless steel scrap(31.3.2022)	2.5%	Nil
29	Primary/Semi finished products of non-alloy steel	10%	7.5%
30	Flat products of non-alloy and alloy steel	10% / 12.5%	7.5%
31	Long product of non-alloy, stainless and alloy steel	10%	7.5%
32	Raw materials for use in manufacture of CRGO steel (up to 31.03.2023)	2.5%	Nil
33	Copper Scrap	5%	2.5%

34	Screw, bolts, nuts, etc. of iron and steel	10%	15%
	Capital Goods		
35	Tunnel boring machines	Nil	7.5%
36	Parts and components for manufacture of tunnel boring machine with actual-user condition	Nil	2.5%
	IT, Electronics and Renewable		
37	Specified insulated wires and cables	7.5%	10%
38	Former, bases, bobbins, brackets; CP wires; P.B.T; Phenol resin moulding powder, Lamination/EI silicon steel strips for use in manufacture of transformers (entry at S.No. 198 of 25/1999-Customs)	Nil	Applicable Rate
39	Inputs or manufacture of Printed Circuit Board Assembly (PCBA) of cellular mobile phone	Nil	2.5%
40	Inputs or Parts for manufacture of camera module of cellular mobile phone (w.e.f 1.4.2021)	Nil	2.5%
41	Inputs or parts for manufacture of connectors of cellular mobile phone (w.e.f 1.4.2021)	Nil	2.5%
42	Inputs or raw materials for manufacture of specified parts like back cover, side keys etc. of cellular mobile phone (w.e.f 1.4.2021)	Nil	2.5%
43	Inputs or raw materials (other than PCBA and moulded plastics) for manufacture of charger or adapter of cellular mobile phones	Nil	10%
44	Moulded plastics for manufacture of charger or adapter	10%	15%
45	Inputs or parts of Printed Circuit Board Assembly of Charger or adapter of cellular mobile phones	Nil	10%
46	Inputs or parts of Moulded Plastic of charger or adapter of cellular mobile phones	Nil	10%
47	Inputs or raw material (other than Lithium-ion cell and PCBA) of Lithium-ion battery or battery pack (w.e.f 1.4.2021)	Nil	2.5%
48	Parts or components of PCBA of Lithium-ion Battery or battery pack (w.e.f 1.4.2021)	Nil	2.5%
49	Inputs or raw materials of following goods- 1.Other machines capable of connecting to an automatic data processing machine or to a network. 2. Ink cartridges, with print head assembly 3. Ink cartridges, without print head assembly. 4.Ink spray nozzle (w.e.f. 1.4.2021)	Nil	2.5%
50	Inputs and parts of LED lights or fixtures including LED Lamps	5%	10%
51	Inputs for use in the manufacture of LED driver or MCPCD (Metal Core Printed Circuit Board) for LED lights or fixtures including LED lamps	5%	10%
52	Solar lanterns or Solar lamps	5%	15%
53	Solar invertors	5%	20%
54	Parts of Electronic Toys for manufacture of electronic toys	5%	15%
	Aviation Sector		

55	Components or parts, including engines, for manufacture of aircrafts or parts of such aircrafts, by Public Sector Units under Ministry of Defence subject to condition specified.	2.5%	0%
	Medical Devices		
56	Medical Devices imported by International Organization and Diplomatic Missions	Health cess @ 5%	Health cess Nil
	Goods Imported under Project Import Scheme		
57	High Speed Rail Projects being brought under project imports	Applicable Rate	5%
58	All Goods other than Bicycle Parts and Components	10%	15%

Other Rationalization in the Custom Tariff Act, 1975

1. Anti-Dumping duty is being temporarily revoked for the period commencing from 2.2.2021 till 30.09.2021 on import of straight length bar, alloy steel, high speed still of non-cobalt grade, flat rolled product of steel, plated or coated with alloy of aluminium or zinc.
2. Countervailing duty is being temporarily revoked for the period commencing from 2.2.2021 till 30.09.2021 on import of certain Hot Rolled and Cold Rolled Steel Flat Products.

J - OTHER AMENDMENTS

1. The definition of small company has been proposed to be revised under the Companies Act, 201, as beneath;

Criteria	Existing Limit	Proposed Limit
Turnover	₹ 50 Lacs	₹ 2 Cr
Paid up Share Capital	₹ 2 Cr	₹ 20 Cr

By the new definition of small companies under the Companies Act, many start-ups as well as a large number of existing companies will be recognised as small companies. Currently, Small companies enjoy certain benefits such as holding only two Board meetings in a year, instead of four for other companies, exemption from presenting cashflow statements and reporting as per CARO 2016.

2. To incentivise the incorporation of One Person Companies (OPC), it is proposed for easing norms for OPC's by reducing the residency limit of Indian Citizen from 182 to 120 days.

As per the existing provisions, only Indian resident citizens are allowed to form OPC's in India. Now it is proposed to allow Non-resident Indians to incorporate One person company (OPC's) in India.

A major incentive to incorporate OPC's came by allowing OPCs to operate without any restrictions on paid up capital and turnover and proposed to permit conversion to any other type of entity at any point of time.

3. It is been proposed by the finance minister to utilise the data available with the regulators by launching the updated version 3.0 and data analytics and artificial intelligence.
4. This budget also aims to take up the decriminalization of the Limited Liability Partnership (LLP) Act, 2008. The decriminalising of such offences will now be announced by the finance minister.
5. The budget also proposes to consolidate the provisions of SEBI Act, 1992, Depositories Act, 1996, Securities Contracts (Regulation) Act, 1956 and Government Securities Act, 2007 under a rationalized single Securities Markets Code.

TABLE - II - TDS & TCS

TDS Rates for F.Y. 2021-22

Section	Nature of Payment	Threshold Limit (in ₹)	Individuals, HUF, AOP,BOI	Firms	Co-op society, Local Authority	Company
192	Salary	-	Basic Slab Rate	N.A.	N.A.	N.A.
192A	EPF Withdrawal (Before 5 Years)	50,000	10	N.A.	N.A.	N.A.
193	Interest on Securities					
	Interest on Debentures or securities (Listed) * In case of Individual resident only.	5,000*	10	10	10	10
	Interest on 8 % Savings (Taxable) Bonds 2019	10,000	10	10	10	10
	Any Other Interest on securities (Listed)	-	10	10	10	10
194	Dividend	5,000	10	10	10	10
194A	Interest other than interest on securities (cases other than below)	5,000	10	10	10	10
	Where the payer is					
	(I) Banking company	40,000***	10	10	10	10
	(ii)Co-op. society engaged in banking business*	40,000***	10	10	10	10
	(iii)Post off under a deposit scheme framed by CG	40,000***	10	10	10	10
***the said limit is for senior citizen is ₹ 50,000/-.						
194B	Winning from Lotteries	10,000	30	30	30	30
194BB	Winnings - Horse Races	10,000	30	30	30	30
194C	Payment to Contractors / Sub-contractors /Advertising but other than transporter except who falls u/s 44AE of the Act. **for single transaction or If the consolidated amount during the year exceeds ₹ 1,00,000/.	30000**	1	2	2	2
	*Payment to transporter who falls u/s 44AE of the Act (i.e., person who does not own more than 10 goods carriage) and	-	Nil	Nil	Nil	Nil

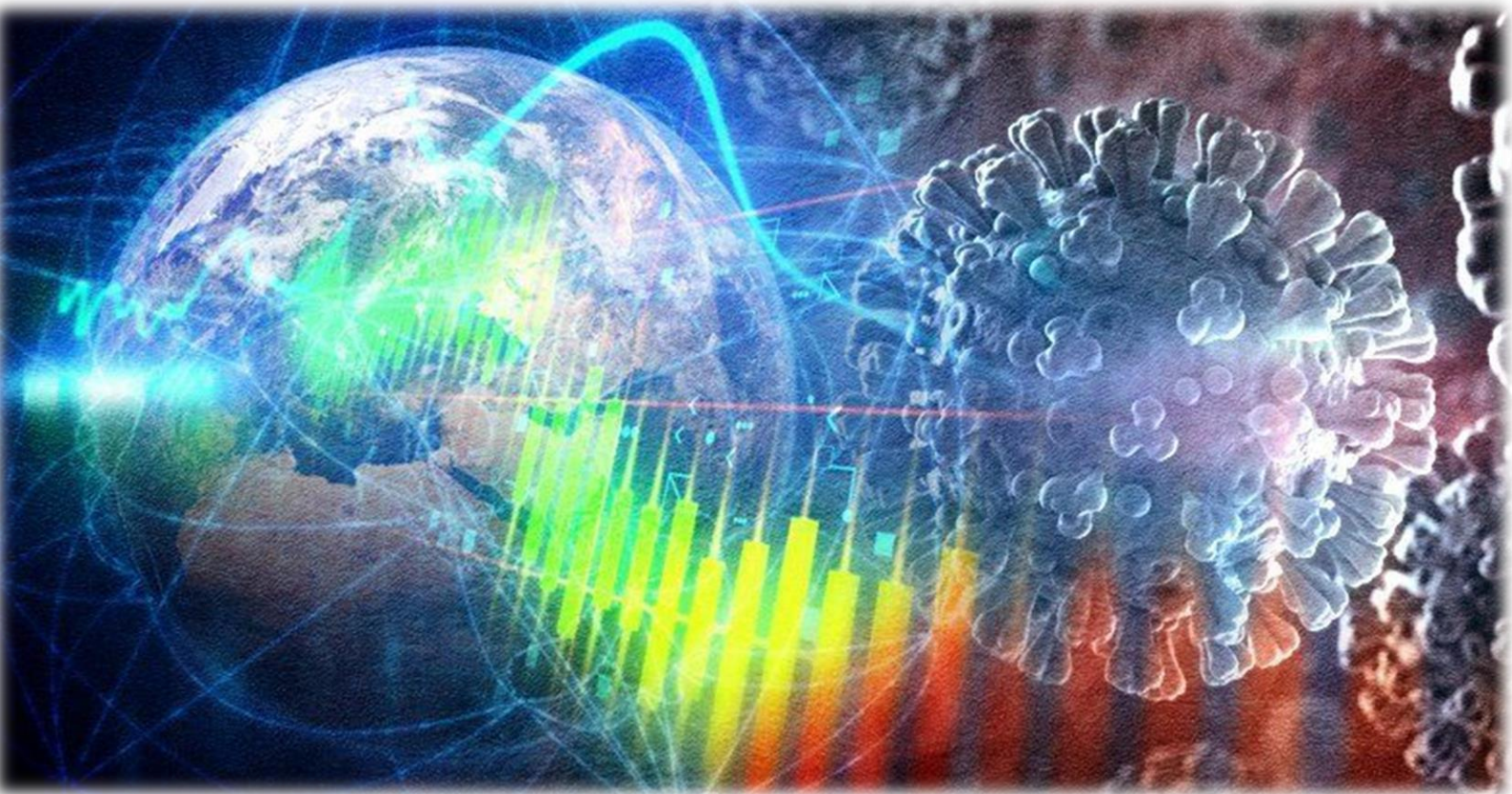
	provide declaration with PAN.					
194D	Insurance Commission	15,000	5	10	10	10
194DA	Life Insurance Policy	Excess over Premium Paid	5	5	5	5
194E	Non-Resident sportsman/ sports association / entertainer	-	20	20	20	NA
194EE	Deposits under NSS to Resident/Non resident	2,500	10	10	10	NA
194F	Repurchase of units of MF/UTI from Resident/Non-resident	-	20	20	20	NA
194G	Commission on sale of lottery tickets to Resident / Non-Resident	15,000	5	5	5	5
194H	Commission or Brokerage to Resident	15,000	5	5	5	5
194I	Rent to Resident					
	i) for machinery/ Plant / equipment	2,40,000	2	2	2	2
	ii) For land or building or furniture & fixtures	2,40,000	10	10	10	10
194J	Fees for Professional Services/Royalty Excluding Technical Services	30,000	10	10	10	10
	Call Centre Services	30,000	2	2	2	2
	Technical Services	30,000	2	2	2	2
194K	Income payable to resident in respect of Mutual Fund or UTI	5,000	10	10	10	10
194-IA	Payment on transfer of immovable property other than agricultural land.*	*50,00,000	1	1	1	1
*Immovable property includes other amenities like club membership fee, car parking fee, electricity and water facility fees, maintenance fee, advance fee or any other charges of similar nature						
194 - IB	Rent Payable by Individual (Not covered u/s 194I) For land or building or furniture & fixtures	50,000 P.M.	5	5	5	5
194LA	Compensation to Resident on acquisition of immovable property	2,50,000	10	10	10	10

	(Compulsory)(other than agriculture land)					
194M	Payment to Contractors & Professional by Individual/HUF	50,00,000*	5	N.A.	N.A.	N.A.
*Yearly payment of ₹ 50 Lakh or more & other than who deduct u/s 194C & 194J						
194N	Cash withdrawal from Banking company, cooperative bank or post office	1,00,00,000	2	2	2	2
194O	TDS on E-commerce Transaction*	5,00,000 Single/ Aggregate	1*	1	1	1
*If PAN not available then rate is 5%						
194Q	Purchase of goods (person whose total sales, gross receipts or turnover from the business carried on by him exceed ten crore rupees during the financial year immediately preceding the financial year in which the sale of goods is carried out.) w.e.f. 01.07.2021	50,00,000 (single/ Aggregate)	0.1	0.1	0.1	0.1
195	Payment of other sums to Non-Resident	Rate specified under Part II of First Schedule of Finance Bill, 2021 subject to provisions of DTAA				
196D	Income of FII(foreign institutional investors) (In case of a payee to whom Section 90 & 90A applies and if such payee has furnished the tax redundancy certificate)	(i) At the rate 20% OR (ii) Rates of income tax provided in such agreement for such income. Whichever is lower				
206AB	For non-filers of income-tax return	Higher of the followings rates:- (i) twice the rate specified in the relevant provision of the Act; or (ii) twice the rate or rates in force; or (iii) the rate of 5%				
206C(1H)	Sell of goods (person whose total sales, gross receipts or turnover from the business carried on by him exceed ten crore rupees during the financial year immediately preceding the financial year in which the sale of goods is carried out.)	50,00,000 (single/ Aggregate)	0.1	0.1	0.1	0.1

TCS Rates for F.Y. 2021-22

Section	Nature of Payment	Threshold Limit (in ₹)	Individuals, HUF, AOP,BOI	Firms	Co-op soc, Local Authority	Company
206C	Overseas Remittance by Authorized Dealer	7,00,000	5	5	5	5
	Selling of overseas tour package	-	5	5	5	5
206C (1H)	Sale of Goods	50,00,000*	0.1	0.1	0.1	0.1
*Those sellers whose turnover exceeds ₹ 10 Crores and receipts from buyers exceeds ₹ 50 Lakh						
206CC	If PAN is not furnished	which tax shall be collected at the higher of the following rates, namely:- (i)at twice the rate specified in the relevant provision of this Act; or (ii)at the rate of 5%				
206CCA	For non-filers of income-tax return	The proposed TCS rate in this section is higher of the following rates:- ▶ twice the rate specified in the relevant provision of the Act; or ▶ the rate of 5%				

There are decades where nothing happens;
and there are weeks where decades happen!



AN OVERVIEW OF THE FINANCE BILL 2021

The provisions contained in the Finance Bill 2021 are proposals and are likely to undergo amendments while passing through both houses of the Parliament before being enacted.
