

UNION BUDGET 2022

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INCOME TAX PROPOSALS – BUDGET 2022

CHANGE IN RATES OF TAX

- There is no change in Tax Rates in the Budget.
- Change in rates of AMT (alternate minimum tax u/s 115JC) for:
 - Co-operative society reduced to 15% from 18.5%.
 - A unit located in an International Financial Services Centre having its income in convertible foreign exchange reduced to 9% from 18.5%. (w.e.f. 1st April 2023)
- Changes in Rate of surcharge:
 - Co-operative Societies - reduced to 7% of income-tax from 12% in case the total income of a cooperative society exceeds Rs.1 crore but does not exceed Rs.10 Crores. In excess of Rs. 10 Crs – 12%
 - Long Term capital gain u/s 112 capped to 15% (instead of 25% or 37%, where applicable)
- Abolishing of concessional rates of tax on dividend from specified foreign company @15% u/s Section 115BBD for any assessment year beginning on or after the 1st day of April,2023. (w.e.f. 1st April 2022)

INCOME FROM SALARY

- Any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family in respect of any illness relating to COVID-19 subject to certain conditions, shall not be forming part of "perquisite". (w.r.e.f. from 1st April 2020). This was as mentioned in press statement on 25th June 2021.

PROFIT AND GAINS FROM BUSINESS OR PROFESSION

- Explanation to section 14A of the Act is being amended to clarify that the provisions of this section shall apply and shall be deemed to have always applied in a case where exempt income has not accrued or arisen or has not been received during the previous year relevant to an assessment year and the expenditure has been incurred during the said previous year in relation to such exempt income. (w.e.f. from 1st April 2022)
- A new Explanation to section 37(1) is being inserted to clarify that the expression "expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law", under Explanation 1, shall include and shall be deemed to have always included the expenditure incurred by an assessee:
 - for any purpose which is an offence under, or which is prohibited by, any law for the time being in force, in India or outside India; or
 - to provide any benefit or perquisite, in whatever form, to a person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation or guidelines, as

the case may be, for the time being in force, governing the conduct of such person;
or

- to compound an offence under any law for the time being in force, in India or outside India.

(w.e.f. from 1st April 2022)

- No deduction shall be allowed to the donor who has donated to the research association, university, college or other institution referred to in clause (ii) or clause (iii) or the company referred in Section 35(1) in clause (iia), if statement of donations is not filed by such association, university etc. (w.r.e.f. from 1st April 2021)
- In section 40, Explanation 3 inserted to clarify that the term "tax" shall include and shall be deemed to have always included any surcharge or cess, by whatever name called, on such Tax. This has been done majorly to nullify the effect to views of some recent court cases holding that Health Cess may be considered as Business Expenditure. (w.r.e.f. from 1st April 2005)
- It is proposed to amend Explanation 3C, Explanation 3CA and Explanation 3D of section 43B to provide that conversion of interest payable into debenture or any other instrument by which liability to pay is deferred to a future date shall also not be deemed to have been actually paid. Hence, deduction u/ 43B shall not be allowed for the amount of such converted interest. (w.e.f. from 1st April 2023)
- Section 115BAB of the Income Tax Act, this section provides for concessional rate of tax on new manufacturing companies. Now new domestic company is eligible to take benefit of this section, if the company has commenced the manufacturing or production of an article or thing on or before **31st March, 2024**. Earlier this beneficial tax regime was available for companies commencing their production upto 31st March 2023. (w.e.f. 1st April 2022)

CAPITAL GAINS

- In section 50, a new Explanation is being inserted to provide that the reduction of the amount of goodwill of a business or profession, from the block of asset shall be deemed to be a transfer. (w.r.e.f. 1st April 2021).

INCOME FROM OTHER SOURCES

- Exemption of amount received for medical treatment or on account of death due to COVID-19 u/s 56(2)(x):
 - a. Any sum of money received by an individual, from any person, in respect of any expenditure actually incurred by him on his medical treatment or treatment of any member of his family, in respect of any illness related to COVID-19 subject to certain conditions to be specified.
 - b. Any sum of money received by a member of the family of a deceased person, from the employer of the deceased person (without limit) or from any other person or persons to the extent that such sum or aggregate of such sums does not exceed Rs.10 lakhs, where the cause of death of such person is illness relating to COVID-19 and the payment is, received within 12 months from the date of death of such person, and subject to certain conditions to be specified. (w.r.e.f. 1st April, 2020)

- c. Gift of virtual digital asset included in definition of property, making gift thereof or transfer for inadequate consideration taxable.

EXEMPTIONS AND DEDUCTIONS

- Exemption of following income of a non-resident from a unit at International Financial Services Centre allowed:
 - Transfer of offshore derivative instruments or over-the-counter derivatives entered into with an Offshore Banking Unit.
 - Income by way of royalty or interest on account of lease of Ship paid by such unit if the unit commenced its operations on or before 31st March, 2024.
 - Income from portfolio of securities or financial products or funds, managed or administered by any portfolio manager on behalf of such non-resident, in an account maintained with an Offshore Banking Unit, to the extent such income accrues or arises outside India and is not deemed to accrue or arise in India.
- Exemption to non-residents in clauses 8, 8A, 8B & 9 of section 10, for remuneration, fee or income withdrawn w.e.f AY 2023-24.
(w.e.f. 01st April, 2023)
- Benefit of deduction under section 80CCD(2) for investment in National Pension System (NPS) is being extended to state government Employees by increasing the limit of deduction from the existing 10% to 14% in respect of contribution made by the State Government. (w.r.e.f. 1st April, 2020)
- Section 80DD of the Income-tax is being amended to allow that the deduction under the said section shall also be available during the lifetime, i.e., upon attaining age of sixty years or more of the individual or the member of the HUF in whose name subscription to the scheme has been made and where payment or deposit has been discontinued. Further, the provisions of sub-section (3) shall not apply to the amount received by the dependant, before his death, by way of annuity or lump sum by application of the condition referred to in the proposed amendment. (w.e.f. 1st April, 2023)
- Section 80IAC is being amended to extend the date of incorporation for eligible start up for exemption if the date of incorporation of such start up is upto 31st March 2023.
- Section 80LA of the Income Tax Act provides the basis for income-tax deductions relating to certain incomes of Offshore Banking Units or International Financial Services centres. The deduction under this section is now being extended to transfer of an asset being a Ship. Earlier the deduction was only available for transfer of Aircraft by such units. (w.e.f. 1st April 2023)

AMENDMENTS RELATED TO TRUST AND OTHER SUCH INSTITUTIONS

- Procedures and conditions for exemption u/s 10(23C)(iv)/(v)/(vi)(via) [1st regime] has been brought at par (rationalised) with exemption u/s 11 /12 [2nd regime] by:
 - ensuring their effective monitoring and implementation;
 - bringing consistency in the provisions of the two exemption regimes; and

- providing clarity on taxation in certain circumstances.
- Books of accounts are required to be maintained in both regime (to be prescribed)
- Penalty for passing on unreasonable benefits to trustee or specified persons under new section 271AAE. 100% for violation 1st time and double if violation in any subsequent year.
- Reference to the Principal Commissioner or Commissioner (PCIT/CIT) for the cancellation of registration / approval by the AO.
 - The PCIT / CIT would pass an order in writing cancelling the registration of such trust or institution, after affording a reasonable opportunity of being heard, for such previous year and all subsequent previous years, if he is satisfied that one or more specified violation have taken place or pass an order in writing refusing to cancel the registration of such trust, if he is not satisfied.
 - Specified violation means:
 - where any income of the trust or institution has been applied other than for the objects for which it is established; or
 - the trust or institution has income from profits and gains of business which is not incidental to the attainment of its objectives or separate books of account are not maintained by it in respect of the business which is incidental to the attainment of its objectives; or
 - the trust or the institution has applied any part of its income from the property held under a trust for private religious purposes which does not endure for the benefit of the public; or
 - the trust or institution established for charitable purpose created or established after the commencement of this Act, has applied any part of its income for the benefit of any particular religious community or caste;
 - any activity being carried out by the trust or the institution:
 - is not genuine; or
 - is not being carried out in accordance with all or any of the conditions subject to which it was registered; or
 - the trust or the institution has not complied with the requirement of any other law and the order, direction or decree, by whatever name called, holding that such non-compliance has occurred, has either not been disputed or has attained finality.
- Accumulation of income not applied:
 - Explanation 3 to section 10(23C) has been inserted for the purposes of determining the amount of application where 85% of the income is not applied wholly and exclusively to the objects for which the fund is established during the previous year but is accumulated or set apart, either in whole or in part, for application to such objects, such income so accumulated or set apart shall not be included in the total income of the previous year of the person in receipt of the income, if such person:
 - furnishes a statement in the form and manner as may be provided by rules to

the AO stating the purpose for which the income is to be accumulated or set apart and the period for which the income is to be accumulated or set apart, which shall in no case exceed 5 years

- the money so accumulated or set apart is invested or deposited in the forms or modes specified in section 11(5)
- the statement referred to in clause (a) is furnished on or before the due date of furnishing the return of income

(similar procedure is already there for trust u/s 11/12)

- In Order to bring Consistency in provisions of two exemptions i.e. Section 11(1) and 10(23C) it is proposed to amend the provisions of section 11(3) of the Act to provide that any income accumulated or set apart which is not utilised for the purpose for which it is so accumulated or set apart shall be deemed to be the income of the previous year being the last previous year of the period, for which the income is accumulated or set apart i.e. in the 5th year itself instead of 6th year.
- Further, Explanation 5 has been inserted to section 10(23C) to 3rd proviso referred in clause C to enable the Assessing Officer to allow trusts, institutions etc. under the first regime in circumstances beyond their control to apply such accumulated income for such other purpose in India as is specified in the application. These other purposes are required to be in conformity with the objects for which the trust or institution under the first regime is established. If it is done, the provisions of Explanation 4 shall apply as if the purpose specified in the application under this Explanation were a purpose specified in the notice given to the Assessing Officer under clause (a) of the proposed Explanation 3 of the third proviso to clause (23C) of section 10.
- It is also proposed to insert a proviso to Explanation 5 so as to provide that the AO shall not allow application of such income by way of payment or credit made for the purposes referred to in clause (d) of Explanation 4.

(w.e.f. 01st April, 2023)

- Bringing consistency in the provisions relating to payment to specified person
 - Under section 13, trusts or institutions are required not to pass on any unreasonable benefit to the trustee or any other specified person.
 - It is proposed to insert 21st proviso in section 10(23C) to provide that where the income or part of income or property of any trust or institution under the first regime, has been applied directly or indirectly for the benefit of any person referred to in section 13(3), such income or part of income or property shall be deemed to be the income of such person of the previous year in which it is so applied.
 - The provisions of sub-section (2), (4) and (6) of section 13 of the Act shall also apply to trust or institution u/s 10(23C).
- The provisions of section 115TD (Taxation of accreted income) would also apply to any trust or institution u/s 10(23C) as it is applicable to trust u/s 12A.
- Filing of return by person claiming exemption u/s 10(23C) by due date u/s 139(1) made mandatory to avail of exemption u/s 10(23C) just like it is for trust u/s 12A

- Providing clarity on taxation in certain circumstances:
 - Allowing certain expenditure in case of denial of exemption
 - In case of denial of exemption to a trust or institution which violates the conditions prescribed under clause (b) or clause (ba) of section 12A(1), its income chargeable to tax shall be computed after allowing deduction for the expenditure (other than capital expenditure) incurred in India, for the objects of the trust or institution, subject to fulfilment of the following conditions, namely :-
 - such expenditure is not from the corpus standing to the credit of such trust or institution as on the last day of the FY for which the income is being computed;
 - such expenditure is not from any loan or borrowing;
 - claim of depreciation is not in respect of an asset, acquisition of which has been claimed as application of income in the same or any other previous year; and
 - such expenditure is not in the form of any contribution or donation to any person
 - Similar provisions also made for trusts and institutions u/s 10(23C) through Explanation in 22nd Proviso of s. 10(23C)
- Taxation of certain income of the trusts or institutions under both the regimes at special rate
 - Amend section 13(1)(c) to provide that only that part of income which has been applied in violation to the provisions of the said clause shall be liable to be included in total income. Similar provision inserted in 21st Proviso to s. 10(23C)
 - Amend section 13(1)(d) of the Act to provide that only that part of income which has been invested in violation to the provisions of the said clause shall be liable to be included in total income. Similar provision in s. 10(23C) too.
 - S. 115BBI to be inserted in the Act providing that where the total income of any assessee being a trust under the first or second regime, includes any income by way of any specified income, the income-tax payable shall be the aggregate of—
 - the amount of income-tax calculated at the rate of 30% on the aggregate of specified income; and
 - the amount of income-tax with which the assessee would have been chargeable had the total income of the assessee been reduced by the aggregate of specified income referred above.
 - no deduction in respect of any expenditure or allowance or set off of any loss shall be allowed
 - “Specified income” would mean:-
 - income accumulated or set apart in excess of 15% of the income where such accumulation is not allowed under any specific provisions of the Act; or
 - deemed income referred to in Explanation 4 to third proviso to section 10(23C) or section 11(3) or section 11(1B); or

- any income which is not exempt u/s 10(23C) on account of violation of the provisions of clause (b) of third proviso of section 10(23C) or not to be excluded from total income under the provisions of section 13(1)d); or
 - any income which is deemed to be income under the 21st proviso to section 10(23C) or which is not excluded from total income u/s 13(1)(c); or
 - any income which is not excluded from total income u/s 11(1)(c).
- Voluntary Contributions for the renovation and repair of temples, mosques, gurudwaras, churches etc notified u/s 80G(2)(b)
- An Explanation has been inserted which provides that such trust may at its option treat the voluntary contribution for the purpose of renovation or repair as part of the corpus of the such trust or the institution, subject to the following conditions that such trust shall:
 - apply such corpus only for the purpose for which the voluntary contribution was made
 - does not apply such corpus for making contribution or donation to any person;
 - maintains such corpus as separately identifiable;
 - invests or deposits such corpus in the forms and modes u/s 11(5).
 - An Explanation has proposed to be inserted which provides that where any trust or institution has treated any sum received by it as forming part of the corpus and subsequently any of the conditions mentioned in above explanation is violated such sum shall be deemed to be the income of such trust or institution of the previous year during which the violation takes place.

(w.e.f. 01st April, 2021)

- Clarification that application will be allowed only when its actually paid

- It is also proposed to insert an Explanation in the 22nd proviso to section 10(23C) to provide that for the purposes of determining the amount of expenditure under this proviso, the provisions of section 40(a)(ia) and sections 40A(3) and (3A) shall, mutatis mutandis, apply as they apply in computing the income chargeable under the head "Profits and gains of business or profession"
- An Explanation to sub-section (10) to section 13 of the Act is being inserted to provide that for the purposes of determining the amount of expenditure under Section 13 sub-section (10), the provisions of section 40 sub-clause (ia) of clause (a) and Section 40A sub-sections (3) and (3A), shall, mutatis mutandis, apply as they apply in computing the income chargeable under the head "Profits and gains of business or profession".
- It is also proposed to insert 23rd proviso section 10(23C) to provide that for the purposes of computing income chargeable to tax under 22nd proviso, no deduction in respect of any expenditure or allowance or set-off of any loss shall be allowed to the assessee under any other provision of the Act.
- A new sub-section (11) in Section 13 of the Act in being introduced to provide that for the purposes of computing income chargeable to tax, under sub-section (10), no deduction

in respect of any expenditure or allowance or set-off of any loss shall be allowed to the assessee under any other provision of the Act.

(w.e.f. from 1st April 2023)

PROVISIONS RELATED TO UPDATED RETURN OF INCOME

- Income tax return filers will be allowed to update their returns within 2 years after the end of the relevant AY in case they forgot to include any income when the return was first filed or not filed at all.
- However, an additional tax of 25% on tax and interest if such updated return filed within 12 months from the end of the relevant AY and 50% on the tax and interest due on the additional income will be payable if such return is updated after the expiry of 12 months but before the expiry of 24 months.
- However, in following cases updated income tax returns cannot be filed:
 - If the return is of a loss;
 - There is decrease in the income tax liability;
 - There is increase in refund;
 - Search has been initiated u/s 132 or books of account, other documents or any assets are requisitioned under section 132A in the case of such person,
 - Survey has been conducted u/s 133A, other than subsection (2A), in the case such person, or
 - A notice has been issued on any other person due to search u/s 132 or requisition u/s 132A
 - An updated return has already been furnished;
 - Any proceeding for assessment or reassessment or recomputation or revision of income is pending or has been completed for the relevant AY
 - AO has information in respect of such person for the relevant AY in his possession under the Prevention of Money Laundering Act, 2002 or the Black Money Act, 2015 or the Prohibition of Benami Property Transactions Act, 1988 or The Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 and the same has been communicated to him, prior to the date of his filing of updated return
 - Information for the relevant assessment has been received under an agreement referred to in sections 90 or 90A of the Act in respect of such person and the same has been communicated to him, prior to the date of his filing of updated return
 - Any prosecution proceedings under Chapter XXII have been initiated for the relevant AY in respect of such person, prior to the date of his filing of updated return
- Such updated return shall also be accompanied by proof of payment of such tax, additional tax, interest and fee.
- The tax payable shall be computed after taking into account the following while updating the return u/s 139(8A):

- The amount of tax already paid;
 - Any TDS or TCS
 - Any relief of tax claimed u/s 89/90/90A/91;
 - Any tax credit claimed to be set off u/s 115JAA/ 115JD.
- Further, in view of the proposed insertion of section 139(8A) and 140B, consequential amendments were made in section 144, 153, 234A, 234B and 276CC have also been made.
- Section 153 which relates to time limit for completion of assessment, reassessment and recomputation, is being amended to provide that where an updated return is furnished u/s 139(8A), an order of assessment u/s 143 / 144 may be made at any time before the expiry of 9 months from the end of the financial year in which such updated return was furnished. (w.e.f. 1st April 2022)

AMENDMENTS RELATED TO ASSESSMENT PROCEEDINGS

- Section 68 is being amended to provide that where the sum credited to the account of Assessee whether in form of loan or borrowing, or any other liability, the nature and source of such sum shall be treated as explained only if the source of funds is also explained in the hands of the creditor or entry provider. (w.e.f. 1st April, 2023)
- Section 132 (8) is being amended to make this section applicable to assessment or reassessment or recomputation under section 143 (3), 144 or 147. Further section 132B shall also be applicable to all these sections related to assessment. (w.e.f. 1st April, 2022)
- To line up the search assessment scheme with section 143(3), 144 and 147 (i.e. assessment or reassessment or re-computation), clause (i) of sub-section (1) & (4) of section 132B has been amended with the same. (w.e.f. 1st April, 2022)
- It is proposed to amend first proviso of the section 143(3) to provide that in the case of a research association referred to in section 10(21); news agency referred to in section 10(22B); association or institution referred to in section 10(23A) and institution referred in section 10(23B) which is required to furnish the return of income under section 139(4C), no order making an assessment shall be made by the AO, without giving effect to the provisions of section 10, unless-
- The AO has intimated the contravention of section 10(21),10(22B), 10(23A) and 10(23B) to the CG or prescribed authority;
 - The approval granted to such association has been withdrawn or notification has been rescinded.
- Where the AO is satisfied that any fund or institution referred to in section 10(23C)(iv) / (v) / (vi) and (via) or any trust or institution referred to in section 11, has committed any specified violation as defined section 10(23C) or section 12AB(4), as the case may be, he shall send a reference to the Principal Commissioner or Commissioner to withdraw the approval or registration and shall effect to the order so passed by them.
- Income tax authority for the purposes of survey u/s 133A has been changed to who is subordinate to the Principal Director General or the Director General or the Principal Chief

Commissioner or the Chief Commissioner, as may be specified by the Board. (w.e.f. 1st April, 2022)

- The procedure for Faceless assessment u/s 144B has been substituted.
- New proviso u/s 148 shall be inserted to provide that no such approval shall be required where the AO, with the prior approval of the specified authority, has passed an order u/s 148A(d). Further, in case of survey u/s 133A(5) for expenditure on event, function or occasion, the AO shall deem to have information. Also, for search and surveys reference to 3 assessment years preceding the assessment year relevant is no longer required. (w.e.f. 1st April 2022)
- A new proviso to section 148A is being inserted to the effect that requirement for approval to issue notice u/s 148 shall not be required to be taken by the AO if he has passed an order u/s 148A(d) with prior approval in that case stating that the income is escaping assessment. (w.e.f. 1st April 2022)
- A new section 148B is being introduced to provide that no order of assessment or reassessment or recomputation under the Act shall be passed by an AO below the rank of Joint Commissioner, except with the prior approval of the Additional Commissioner or Additional Director or Joint Commissioner or Joint Director, in respect of assessments consequent to search, survey and requisition to reduce avoidable inaccuracies. (w.e.f. 1st April 2022)
- Section 149 is being amended to provide that no notice u/s 148 shall be issued for the relevant AY after 3 years but prior to 10 years from the end of the relevant AY unless the AO has in his possession books of account or other documents or evidence which reveal that the income chargeable to tax, represented in the form of:
 - An asset
 - Expenditure in respect of a transaction or event or occasion.
 - Entries in the books of accounts.

which has escaped assessment amounts to or likely to amount to Rs.50 lakhs or more. (w.e.f. 1st April 2022)

- Section 153B which is related to time limit for completion of assessment under section 153A is being amended to insert a new sub section (4) which provides that nothing contained in the sub section (3) shall apply to any search under section 132 or requisition done under section 132A on or after the 1st day of April, 2021. (w.e.f. 1st April 2022)
- A new section 156A is being introduced to give effect to the orders of competent authority and modify demands created vide various proceedings in IBC by NCLT or Supreme Court. (w.e.f. 1st April 2022)
- A new section 158AB is being introduced in the Act, to provide that where the collegium is of the opinion that any question of law arising in the case of an assessee for any assessment year ("relevant case") is identical with a question of law already raised in his case or in the case of any other assessee for an assessment year, which is pending before the jurisdictional High Court or the Supreme Court, it may, decide and intimate the Commissioner or Principal Commissioner not to file any appeal, at this stage, to the Appellate u/s 253(2) or to the High Court u/s 260A(2) against the order of the Commissioner (appeals) or the Appellate Tribunal, as the case may be.

Further, on receipt of communication from the collegium, the Commissioner or Principal Commissioner shall direct the AO to make an application to Appellate Tribunal or High Court (only on approval of acceptance by the assessee) stating that appeal on question of law shall arising in relevant case may be filed when decision on other case becomes final.

Where the order of Commissioner (Appeals) or Appellate Tribunal in the relevant case is not in conformity with the final decision on question of law in other case, the Commissioner or Principal Commissioner may direct AO to appeal to Appellate Tribunal or High Court against such order.

(w.e.f. 1st April, 2022)

- Consequent to insertion of s. 158AB, section 158AA shall not be applicable w.e.f. 1st April 2022.
- Scheme of faceless procedure of Appellate Tribunal was introduced in last Finance Bill. The last date of directions to this scheme to streamline the process has been extended to one more year i.e. from 31st March 2023 to 31st March 2024.
- An order passed by Transfer Pricing Officer u/s 92CA is included for the purpose of revision u/s 263 by Principal Chief Commissioner or Chief Commissioner or Principal Commissioner. (w.e.f. from 1st April 2022)
- Section 170 is being amended to provide that assessment or other proceedings pending or completed on the predecessor in the event of a business reorganisation, shall be deemed to have been made on the successor.
- A new section 170A relating to the effect of order of tribunal or court in respect of business reorganization is being introduced to enable for the entities going through such business reorganization, for filing of modified returns for the period between the date of effectivity of the order and the date of issuance of final order of the competent authority. (w.e.f. 1st April 2022)

PROVISIONS RELATED TO VIRTUAL DIGITAL ASSETS (CRYPTO CURRENCIES, NFTS ETC)

- A new section 115BBH of the Act is being inserted to charge tax on virtual digital asset including crypto currency, NFT etc. It provided for:
 - Income from virtual digital asset shall be chargeable to tax at 30%.
 - Income shall mean Sale consideration less cost of acquisition. No other expense shall be allowed to be deducted.
 - No loss shall be set off against any other income.
 - Loss from digital asset shall not be allowed to be carried forward.
 - Tax needs to be paid even if no other income is earned.
- (w.e.f. 1st April 2023)
- The term “virtual digital asset” is being defined u/s 2(47A)
 - To tax the gifting of these virtual assets, explanation to section 56 (2) (x) is also being amended to amend the meaning of “Property” to include Virtual Digital Assets. (w.e.f. 1st April 2023)

- TDS on Payment for transfer of virtual digital asset:
 - A new section 194 S has been inserted to provide for deduction of tax on payment of transfer of virtual digital asset to a resident @ 1% of such sum.
 - In case where the consideration for transfer of virtual digital asset is—
 - wholly in kind or in exchange of another virtual digital asset, where there is no part in cash; or
 - partly in cash and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of such transfer,the person responsible for paying such consideration shall deduct TDS before releasing the consideration for the transfer of virtual digital asset.
 - The provisions of sections 203A [TAN] and 206AB shall not apply to a specified person. Specified person means:
 - A person being an individual or HUF whose total sales, gross receipts or turnover from the business or profession does not exceed Rs. 1 crore or Rs. 50 lacs respectively during the FY immediately preceding the FY in which such virtual digital asset is transferred
 - A person being an individual or HUF having income under any head other than the head "Profits and Gains of Business or Profession"
 - No TDS under this section shall be applicable in case:
 - the consideration is payable by a specified person and the value or aggregate value of such consideration does not exceed Rs. 50,000 during the financial year; or
 - the consideration is payable by any person other than a specified person and the value or aggregate value of such consideration does not exceed Rs 10,000 during the financial year.
 - A transaction in respect of which tax has been deducted u/s 194 S, it shall not be liable for TDS or TCS under any other provisions of this Chapter.
 - In case of a transaction where tax is deductible u/s 194 O as well as s. 194S, then 194S shall prevail.

(w.e.f. 1st April 2022)

AMENDMENTS RELATED TO TAX DEDUCTED OR COLLECTED AT SOURCE

- Section 194-IA has been amended to provide that in case of transfer of an immovable property (other than agricultural land), TDS is to be deducted at the rate of 1%. of such sum paid or credited to the resident or the stamp duty value of such property, whichever is higher. (w.e.f. 1st April, 2022)
- Deduction of tax on benefit of perquisite in respect of business or profession:
 - A new section 194R is being inserted to provide that the person responsible for providing to a resident, any benefit or perquisite, whether convertible into money

or not, arising from carrying out of a business or profession by such resident, shall, before providing such benefit or perquisite, deduct tax at source @ 10% of the value or aggregate of value of such benefit or perquisite.

- However, no TDS u/s 194R shall be required if:
 - the value or aggregate value of the benefit or perquisite paid to a resident does not exceed Rs. 20,000 during the financial year or
 - In case an individual or a Hindu undivided family, whose total sales, gross receipts or turnover does not exceed Rs 1 Cr in case of business or Rs 50 lacs in case of profession during the FY immediately preceding the FY in which such benefit or perquisite is provided
- Second proviso to section 201(1A) (TDS) and s. 206C(7) (TCS) has been inserted to provide the interest shall be paid by the person in accordance with the order made by the AO where an order has been passed. (w.e.f. 1st April 2022)
- In section 206AB of the Income-tax Act:
 - Sections 194-IA, 194-IB and 194 M have been added in the exclusion list of this special provision of TDS.
 - This section is applicable to specified person and for this purpose 2 years' requirement has reduced to 1 year i.e. a person who has not filed its return of income for the AY relevant to the PY immediately preceding the FY in which tax is to be deducted. The same change is made for TCS u/s 206CCA
(w.e.f. 1st April 2022)

SET OFF AND CARRY FORWARD OF LOSSES

- It is proposed to amend section 79 of the Act to provide that the provisions of section 79(1) shall not apply to an erstwhile public sector company subject to the condition that the ultimate holding company of such erstwhile public sector company, immediately after the completion of strategic disinvestment, continues to hold, directly or through its subsidiary or subsidiaries, at least 51% of the voting power of the erstwhile public sector company in aggregate. Further, if the above condition is not complied with in any previous year after the completion of strategic disinvestment, the provisions of sub-section (1) shall apply for such previous year and subsequent previous years. (w.e.f. 1st April, 2022)
- New section 79A is being inserted to provide that where consequent to a search u/s 132 or a requisition u/s 132A or a survey u/s 133A other than under sub-section (2A) of that section, the total income of any previous year of an assessee includes any undisclosed income, no set off, against such undisclosed income, of any loss, whether brought forward or otherwise, or unabsorbed depreciation u/s 32(2), shall be allowed to the assessee under any provision of this Act in computing his total income for such previous year. The term "undisclosed income" is also defined for this purpose—
 - any income of the previous year represented, either wholly or partly, by any money, bullion, jewellery or other valuable article or thing or any entry in the books of account or other documents or transactions found in the course of a search or a requisition made under section 132A or a survey conducted,

- which was not recorded on or before the date of such search or requisition or survey, in the books of account or other documents maintained in the normal course relating to such previous year; or
 - not been disclosed to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner before the date of search or requisition or survey
- any income of the previous year represented, either wholly or partly, by any entry in respect of an expense recorded in the books of account or other documents maintained in the normal course relating to the previous year which is found to be false and would not have been found to be so, had the search not been initiated or the survey not been conducted or the requisition not been made.

(w.e.f. 1st April, 2022)

INTERNATIONAL TAXATION

- Faceless Assessment of Transfer Pricing u/s 92CA to be initiated is being extended upto 31st March 2024. (w.e.f. 1st April, 2022)
- A new Section 239A is being inserted to provide that where a Person who has made the deduction of tax on any income other than Interest u/s 195 and borne the tax liability, when no tax deduction was required, may file an application for refund of such tax deducted before the AO within 30 days from the payment of such tax. The AO may allow or reject the application, and will pass an order within six months from the end of the month in which application is received.

Further section 246A is also being amended to provide that if the assessee is not satisfied with the order of AO, an appeal may be filed with the Commissioner (Appeals). Further, no appeal shall be filed u/s 248 where tax is paid to the CG on or after the 1 April 2022.

(w.e.f. 1st April 2022)

PENALTIES & PROSECUTION

- In order to improve deterrence against non-compliance among tax payers, along with Assessing Officer, Commissioner (Appeals) have been enabled to levy penalty in cases of undisclosed income, unexplained credits or investments or expenditures or deliberate falsification or omission of books or money etc. (w.e.f. from 1st April 2022)
- A person being any fund or institution referred in sub clause (iv) or any trust or institution referred in sub clause (v) or any university or other educational institution referred in sub clause (vi) or any hospital or other medical institution referred in sub clause (via) of section 10(23C), or any trust or institution referred in section 11 has violated the provisions of 21st proviso to s. 10(23C) shall pay penalty by way of:
 - 100% of aggregate amount of income applied, directly or indirectly for the benefit of any person referred in section 13(3), where the violation is noticed for the 1st time during any previous year
 - 200% of aggregate amount of income applied, directly or indirectly for the benefit of any person referred in section 13(3), where the violation is noticed again in subsequent previous year

(w.e.f. 1st April 2023)

- As per Section 271C, a person failing to pay TDS u/s 194B shall be liable to pay penalty. In this regard to avoid ambiguity, the word "second" has been omitted wrt section 194B which is having only one proviso currently. (w.e.f. 1st April 2022)
- Section 272A(2) provides the penalty for failure to answer question, sign statements, furnish information, returns or statements, allow inspections etc. This penalty has increased from Rs 100 to Rs 500 every day the failure continues. (w.e.f. 1st April 2022)
- Sections 269UC/UE/UL have been made inapplicable w.r.t. transfer of immovable property and thus its prosecution section 276AB becomes irrelevant and thus no proceeding under this section shall be initiated on or after the 1st day of April, 2022. (w.e.f. 1st April 2022)
- As per Section 276B, a person failing to pay the credit of CG the TDS payable by him u/s 194B shall be punishable with rigorous imprisonment. In this regard to avoid ambiguity, the word "second" has been omitted wrt section 194B having only one proviso currently. (w.e.f. 1st April 2022)
- Section 276CC relates to punishment in case of failure to furnish returns of income. A proviso in this section has been inserted namely in case of updated return being furnished u/s 139(8A) for the relevant assessment year. (w.e.f. 1st April 2022)
- Sections 278A and 278AA have inserted section 276BB providing for punishment with prosecution against persons failing to pay TCS owing to similar nature of offences that are punishable u/s 276B. (w.e.f. 1st April 2022)

MISCELLANEOUS PROVISIONS

- Section 94 for bonus stripping is proposed to be amended by widening its scope, earlier it covered only units, now it includes "securities or units" so as to prevent tax evasion. Further, the scope of meaning of "Unit" shall also be increased to include, a unit of a business trust such as Infrastructure Investment Trust, Real Estate Investment Trust or Alternative Investment Funds.
- Section 234F is proposed to be inserted in Section 119 so as to enable the Board to issue such orders or instructions, as it deems fit so that any general relief or relaxation from the said provisions. (w.e.f. 1st April 2022).
- Since the assessee may opt for approaching either the Dispute Resolution Panel u/s 144C or DRC under section 245MA to enable the AO to pass an order so as to give effect to the resolution of dispute by the Dispute Resolution Committee, the AO shall pass the final order within a period of one month from the end of the month in which such order of DRC is received by the assessee.
- In section 144C the date of issuance of direction for the faceless regime for dispute resolution panel is being extended from 31st March 2022 to 31st March 2024. (w.e.f. 1st April 2022)
- In Section 179 the words "in liquidation" from the marginal heading of the said section to be omitted. It is further proposed to include "fees" within the scope of the expression "tax due" in the Explanation to the said section. (w.e.f. 1st April 2022)
- In section 285B, the persons engaged in specified activities have been expanded for the reporting requirements in Form 52A. "Specified Activities" would mean event management, documentary production, production of programs for telecasting on television or over the top platforms or any other similar platform, sports event management, other performing arts or any other activity as notified by CG. (w.e.f. 1st April 2022)

GOODS AND SERVICE TAX PROPOSALS – BUDGET 2022

MAJOR AMENDMENTS IN AVAILING INPUT TAX CREDIT

- Clause (ba) is being inserted in sub-section (2) of section 16 to provide that input tax credit with respect to a supply can be availed only if such credit has not been restricted in the details communicated to the taxpayer under section 38

Section 38 refers for an auto-generated statement containing the details of input tax credit shall be made available electronically to the recipients

- Further, sub-section (4) of section 16 is being amended so as to provide for an extended time for availment of input tax credit by a registered person in respect of any invoice or debit note pertaining to a financial year “upto 30th November” of the following financial year from earlier which was “due date of furnishing of the return under section 39 for the month of September”
- Section 41 of the CGST Act is being substituted to provide for availment of selfassessed input tax credit subject to such conditions and restrictions as may be prescribed.

Section 41 also specify that the ITC availed by registered person in respect of such supplies of goods or services or both, the tax payable whereon has not been paid by the supplier, shall be reversed along with applicable interest

However, the said registered person may re-avail the amount of credit reversed where the said supplier makes payment of the tax payable

CANCELLATION OR SUSPENSION

- Clause (b) and (c) of sub-section (2) of section 29 are being amended so as to provide that the registration of a person is liable for cancellation, where –
 - A person paying tax under section 10(Composition Levy) has not furnished the return for a financial year beyond three months from the due date of furnishing of the said return.
 - A person, other than those paying tax under section 10, has not furnished returns for a continuous period as may be prescribed from earlier “a continuous period of six months”

ISSUANCE OF CREDIT NOTE

- Sub-section (2) of section 34 is being amended so as to provide for an extended time for issuance of credit notes in respect of any supply made in a financial year upto 30th November of the following financial year.

AMENDMENT IN FURNISHING DETAILS OF OUTWARD SUPPLY

- Section 37 is being amended so as to:
 - provides prescribing conditions and restrictions for furnishing the details of outward

supply and for communication of the details of such outward supplies to concerned recipients.

- eliminates two-way communication process in return filing.
- Further provides an extended time upto 30th November of the following financial year for rectification of errors in respect of details of outward supplies furnished under sub-section (1).
- Further provides that a registered person shall not be allowed to furnish the details of outward supplies under sub-section (1) for a tax period, if the details of outward supplies for any of the previous tax periods has not been furnished by him.

AMENDMENT IN FURNISHING DETAILS OF INWARD SUPPLY

- Section 38 is being substituted for prescribing the manner as well as conditions and restrictions for communication of details of inward supplies and input tax credit to the recipient by means of an auto-generated statement and to do away with two-way communication process in return filing.

AMENDMENT IN FURNISHING OF RETURN

- Section 39 is being amended so as to:
 - provide that the non-resident taxable person shall furnish the return for a month by thirteenth day of the following month instead of twentieth day;
 - provide an option to the persons furnishing return under proviso to sub-section (1), to pay either the self-assessed tax or an amount equal to the tax due taking into account inward and outward supplies of goods or services or both, input tax credit availed, tax payable and such other particulars during a month.
 - provide for an extended time upto 30th November of the following financial year, for rectification of errors in the return furnished under section 39.
 - provide for furnishing of details of outward supplies of a tax period under sub-section (1) of section 37 as a condition for furnishing the return under section 39 for the said tax period.
- Sub-section (6) of section 52 is being amended so as to provide for an extended time upto 30th November of the following financial year for rectification of errors in TCS return.

LATE FEES/INTEREST

- Section 47 is being amended so as to provide for levy of late fee for delayed filing of return under section 52 (TCS Returns)
- Section 50 sub-section (3) is being amended retrospectively with effect from the 1st July, 2017 so as to reduce the rate of interest from 24% to 18% in case of undue or excess claim of input tax credit

PAYMENT OF TAX, INTEREST, PENALTY AND OTHER AMOUNTS

Section 49 of the CGST Act is being amended so as to:

- provide for prescribing restrictions for utilizing the amount available in the electronic credit ledger;
- allow transfer of amount available in electronic cash ledger under the CGST Act of a registered person to the electronic cash ledger under the said Act or the IGST Act of a distinct person;
- provide for prescribing the maximum proportion of output tax liability which may be discharged through the electronic credit ledger.

REFUND OF TAX

Section 54 of the CGST Act is being amended so as to:

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

CUSTOM PROPOSALS – BUDGET 2022

AMENDMENTS IN SECTIONS OF CUSTOM ACT

- Section 28H is being amended to make provisions for prescribing appropriate fees by Board relating to application for advance Ruling and consequently, the sub-section (3) is being omitted which currently specify the fees for advance ruling.

This section also being amended to gives flexibility to the applicant to withdraw his application at any time before a ruling is pronounced from the current 30 days' time period. .

- Section 28E is being amended to omit the Explanation under clause (c) relating to expression 'joint venture in India' and also omit clause (h) which specify that meaning of "non-resident", "Indian company" and "foreign company".
- Section 28I(7) is being amended to remove the word "Members" and also make changes accordingly.
- Section 28J(2) is being amended to make advance ruling under Section 28J(1) valid for a period of three years or till there is a change in law or facts on the basis of which the advance ruling has been pronounced, whichever is earlier.
- Section 110AA is being inserted that where an officer of customs believe that any duty or any interest has been short-levied, not levied, short-paid or not paid or any erroneously refunded or any drawback has been erroneously, then such officer of customs shall, after inquiry, investigation, or audit, transfer the relevant documents, along with a report in writing to the proper officer having jurisdiction, in respect of assessment of such duty, or who allowed such refund or drawback, or to an officer to whom proper officer is subordinate.
- Section 135AA is being inserted so as to make punishable the publication of information related to import & export from India or details of exporter/ importer, unless required by law.

PROPOSALS INVOLVING CHANGES IN RATES OF DUTY

A. Tariff rate changes for Basic Customs Duty

APPLICABLE WITH EFFECT FROM 02.02.2022

Edible oils

| Particulars/Items | Rate of Basic Custom Duty |
|---|---------------------------|
| Microbial fats and oils and their fractions | From 30% to 100% |

MSME sector

| Particulars/Items | Rate of Basic Custom Duty |
|-------------------|---------------------------|
| Umbrellas | From 10% to 20% |

Gems & Jewellery

| Particulars/Items | Rate of Basic Custom Duty |
|---------------------|---|
| Imitation Jewellery | From 20% to 20% or Rs. 400/kg whichever is higher |

Electronics and Electrical items

| Particulars/Items | Rate of Basic Custom Duty |
|--|---------------------------|
| Single or multiple loudspeakers, whether or not mounted in their enclosures (Effective BCD rate on these goods, other than hearable devices would be 15%) | From 15% to 20% |
| Headphones and earphones, whether or not combined with a microphone, and sets consisting of a microphone and one or more loudspeakers (Effective BCD rate on these goods, other than hearable devices would be 15%) | From 15% to 20% |
| Smart Meters (Effective BCD will be 15% till 31.03.2022) | From 15% to 25% |
| Printed Circuit Board Assembly of Smart Meters (Effective BCD will be 7.5% till 31.03.2022) | From 10% to 20% |

Solar Energy sector

| Particulars/Items | Rate of Basic Custom Duty |
|--|---|
| Solar Cells (other than those exclusively used with ITA-1 items) | From 20% to 25% |
| Solar Modules (other than those exclusively used with ITA-1 items) | From 20% to 40% Note: Effective BCD rate on these goods would continue to be 'Nil' till 31.03.2022. |

B. Tariff rate changes (without any change in the effective rates of Basic Customs Duty)

There will be changes in tariff rate ((without any change in the effective rates of Basic Customs Duty) of around 414 items with effect from 01.05.2022- the details of item is available in Finance Bill 2022

C. Tariff rate changes (with change in the effective rates of Basic Customs Duty) w.e.f. 01.05.2022, unless otherwise specified)

There will be changes in tariff rate ((with change in the effective rates of Basic Customs Duty) of around 97 items with effect from 01.05.2022- the details of item is available in Finance Bill 2022

D. New entries added to the First Schedule (to be effective from 01-05-2022 unless otherwise specified)

Amendments are proposed to align the Indian Tariff with the Complementary Amendments to the HS-2022 published by WCO. Further, New Tariff entries are being introduced by accommodating the requests from different Ministries and Departments which will help:-

- to identify new categories of Fuels being introduced in the Country;
- to give a fillip to identification and exports of Handicrafts;
- to clarify the manner of determination of Fe content in iron ore being exported;
- to provide greater clarity on the goods being exempted through different notifications of the Government.

PRUNING AND REVIEW OF EXEMPTIONS OF CUSTOM DUTY CONCESSIONAL RATE

Following is the list of sector where the BCD exemption hitherto available on certain goods are being withdrawn:

- a) Textile Sector
- b) Power Sector
- c) Petroleum Sector
- d) Leather Sector
- e) Food Packaging Sector
- f) Other sector
- g) Project Imports

For more information on the details goods where exemption has been withdrawn refer Finance Bill 2022

OTHER PROPOSALS INVOLVING CHANGES IN BASIC CUSTOMS DUTY RATES AND CLARIFICATORY AMENDMENTS IN RESPECTIVE NOTIFICATIONS

Agricultural Products and By Products

| Particulars/Items | Rate of BCD |
|---|--------------------|
| Live Black tiger shrimp | From 30% to 10% |
| Frozen Krill, Algal Oil for manufacturing of aquatic feed | From 30% to 15% |

Fuels, Chemicals and Plastics

| Particulars/Items | Rate of BCD |
|---|--------------------|
| Sodium cyanide | From 7.5% to 10% |
| Straight run fuel oil, Low sulphur wax residue, Vacuum residue, Slurry, Vacuum gasoil, Sodium cyanide | From 5% to 2.5% |

Paper

| Particulars/Items | Rate of BCD |
|--|------------------|
| Recovered paper or paperboard for use in manufacturing of paper, paperboard or newsprint | From Nil to 2.5% |

Gems and Jewellery Sector

| Particulars/Items | Rate of BCD |
|---|-----------------------------|
| Simply Sawn Natural Diamonds imported under Kimberley Process Certification Scheme (KPCS) | From applicable rate to NIL |
| Cut and Polished Diamonds & gemstones | From 7.5% to 5% |

Metals

| Particulars/Items | Rate of BCD |
|---|-----------------|
| Iron and steel scrap, including stainless steel scrap[up to 31.03.2023] | From Nil to Nil |

Electrical and Electronics Sector

| Particulars/Items | Rate of BCD |
|---|----------------------|
| Camera lens for use in manufacture of Camera Module for Cellular Mobile Phone | From 10%/15% to 2.5% |
| Specified parts for use in manufacture of transformers of chargers/adapters | From 10%/15% to 5% |
| Copper/Aluminium based Copper clad laminate for use in manufacture of PCB/MCPCB | From 7.5%/5% to NIL |
| X- ray items & X-ray machines | From 7.5%/5% to 10% |

Medical Devices

| Particulars/Items | Rate of Health Cess |
|---|---------------------|
| Surgical needles imported for manufacture of Surgical sutures | From 5% to 0% |

Toys

| Particulars/Items | Rate of BCD |
|---|-----------------|
| Parts of electronic toys for manufacture of electronic toys | From 15% to 25% |

Capital Goods

| Particulars/Items | Rate of BCD |
|---|------------------|
| Ball Screw and Linear Motion Guide used in manufacturing of Plastic Processing Machinery | From 7.5% to 5% |
| S. G. Ingot Castings, Bushing, Coffee roasting, brewing or vending machineries for use in the manufacturing or processing of coffee | From 10% to 7.5% |

Leather

| Particulars/Items | Rate of BCD |
|--------------------------------|-----------------|
| Raw hides and skins of buffalo | From 40% to 30% |

CHANGES IN CUSTOMS RULES**Trade Facilitation- Amendment to IGCR rules, 2017:**

Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017 [IGCR Rules] are being amended to provide the following facilities:

- a) To introduce end to end automation in the entire process.
- b) Standardizing and notifying the various forms in which details are to be submitted electronically.
- c) Leveraging the advantage of such submissions electronically, the need for any transaction based permissions and intimations are all being done away with.
- d) Procedure to claim the notification benefit is being simplified and automated.
- e) For effective monitoring of the use of goods for the intended purposes, a Monthly Statement to be submitted by the importer on the Common Portal.
- f) Option for voluntary payment of the necessary duties and interest provided to importer through the Common portal.

ANTI-DUMPING DUTY (ADD)/ COUNTERVAILING DUTY (CVD)/ SAFEGUARD MEASURES

1. Anti-Dumping duty is being permanently revoked, on imports of the following –

- a) Straight Length Bars and Rods of alloy-steel, originating in or exported from People's Republic of China,
- b) High Speed Steel of Non-Cobalt Grade, originating in or exported from Brazil, People's Republic of China and Germany,
- c) Flat rolled product of steel, plated or coated with alloy of Aluminum or Zinc,
- d) originating in or exported from People's Republic of China, Vietnam and Korea

2. Countervailing duty is being permanently revoked on imports of Hot Rolled and Cold Rolled Stainless Steel Flat Products, originating in or exported from People's Republic of China

OTHER MISCELLANEOUS CHANGES IN VARIOUS NOTIFICATIONS PROVIDING CONCESSION ON IMPORTS

1. Exemption from Health Cess, Agriculture Infrastructure and Development Cess (AIDC) and Road and Infrastructure Cess (RIC) for following imported goods:-

- Free gifts, donations, relief and rehabilitation material imported by Charitable organizations, Red Cross Society, CARE and Government of India.
- Transshipment of goods either imported from foreign country for export to Bhutan/Nepal, all goods imported from Bhutan/Nepal for export to other countries and certain other specified goods
- Imports of the specified goods from Bhutan, Bangladesh and China.

2. Exemption from Agriculture Infrastructure and Development Cess (AIDC) for goods imported from Nepal and goods locally produced in border districts of Bangladesh.

3. Drugs or medicines, falling under Chapter 30 or Heading 9804 of the First Schedule to the Customs Tariff Act, 1975, used for the treatment of rare diseases are exempted, when imported by 8 Centre of Excellence (CoE) listed in the List 2 or any other person/institution on their recommendation.

DUTY CONCESSIONS ON SPECIFIED ITEMS WHEN IMPORTED BY BONAFIDE EXPORTERS

1. Imports will be duty- free if they are exported by adding exporting value to imported inputs within a period of 6 months by a bonafide exporter.

2. The following changes are being made to operationalize the scheme as detailed under:

- Conditions required for availing exemptions vide S. No. 257 amended.
- S. No. 257A inserted to provide for conditional exemptions for import of specified items like decorative papers, motifs, back of photo frames, etc. used in manufacture of handicraft products meant for exports.
- S. No. 257B inserted to provide for conditional exemptions for import of specified items like fasteners, inlay cards, lining and inter-lining materials, wet blue chrome tanned leather, etc. to be used in manufacture of textile or leather garments meant for exports.
- S. No. 257C is being inserted to provide for conditional exemptions for import of specified items like buckles, buttons, locks etc. to be used in manufacture of leather or synthetic footwears, or other leather products meant for exports.
- S. No. 288, having been subsumed under new S. No. 257B, is being omitted.

EXCISE PROPOSALS – BUDGET 2022

CHANGE IN EFFECTIVE RATE OF BASIC EXCISE DUTY AND SPECIAL ADDITIONAL EXCISE DUTY

- In order to promote blending of Motor Spirit (commonly known as Petrol) with ethanol/methanol and blending of High Speed Diesel with bio-diesel, an additional Basic Excise Duty of Rs. 2 per litre on Petrol and Diesel, intended to be sold to retail consumers without blending, would be levied with effect from the 1st day of October, 2022.

OTHER ACT PROPOSALS – BUDGET 2022

RESERVE BANK OF INDIA ACT, 1934

- Clarity is being made in section 2 that the Central Bank Digital Currency should also be regarded as bank notes. Further, new section 22A relating to non-applicability of sections 24, 25, 27, 28 and 39 of the said Act to digital form of bank notes is being

OTHER GENERAL PROPOSALS – BUDGET 2022

OVERVIEW OF INDIAN ECONOMY

- Gross Domestic Product (GDP) growth is projected to contract by 9.2 % in 2021-22 as compared to a growth of 7.7 % in 2020-21.
- The fiscal deficit in 2021-22 is pegged at 6.9% of GDP and the same in 2022-23 is estimated at 6.4 per cent of GDP

HEALTH AND WELL BEING

- An open platform, for the National Digital Health Ecosystem will be rolled out. It will consist of digital registries of health providers and health facilities, unique health identity, consent framework, and universal access
- To better the access to quality mental health counselling and care services, a 'National Tele Mental Health Programme' will be launched to health facilities. This will include a network of 23 tele-mental health centres of excellence, with NIMHANS being the nodal centre and International Institute of Information Technology-Bangalore (IIITB) providing technology support.
- Three schemes, namely, Mission Shakti, Mission Vatsalya, Saksham Anganwadi and Poshan 2.0 were launched recently to provide integrated benefits to women and children.

INFRASTRUCTURE

- With the aim of economic growth and sustainable development "track 2 of Amrit Kaal" lays PM GatiShakti approach. The approach is driven by seven engines, namely, Roads, Railways, Airports, Ports, Mass Transport, Waterways, and Logistics Infrastructure. The touchstone of the Master Plan will be world-class modern infrastructure and logistics synergy among different modes of movement – both of people and goods – and location of projects
- PM GatiShakti Master Plan for Expressways will be formulated in 2022-23 to facilitate faster movement of people and goods. The National Highways network will be expanded by 25,000 km in 2022-23
- The data exchange among all mode operators will be brought on Unified Logistics Interface Platform (ULIP), designed for Application Programming Interface (API). This will provide for efficient movement of goods through different modes, reducing logistics cost and time, assisting just-in-time inventory management, and in eliminating tedious documentation
- Contracts for implementation of Multimodal Logistics Parks at four locations through PPP mode will be awarded in 2022-23
- Railways will develop new products and efficient logistics services for small farmers and Small and Medium Enterprises, besides taking the lead in integration of Postal
- One Station-One Product' concept will be popularized to help local businesses & supply chains.

- One hundred PM GatiShakti Cargo Terminals for multimodal logistics facilities will be developed during the next three years
- Multimodal connectivity between mass urban transport and railway stations will be facilitated on priority
- National Ropeways Development Programme will be taken up on PPP mode with a aim is to improve connectivity and convenience for commuters, besides promoting tourism
- To promote a shift to use of public transport in urban areas by clean tech and governance solutions, special mobility zones with zero fossil-fuel policy, and EV vehicles
- Required spectrum auctions will be conducted in 2022 to facilitate rollout of 5G mobile services within 2022- 23 by private telecom providers that enable growth and offer job opportunities.

INDUSTRIAL DEVELOPMENT

- Udyam, e-Shram, NCS and ASEEM portals will be interlinked. Their scope will be widened. They will now perform as portals with live, organic databases, providing G2C, B2C and B2B services
- These services will relate to credit facilitation, skilling, and recruitment with an aim to further formalise the economy and enhance entrepreneurial opportunities for all.
- Emergency Credit Line Guarantee Scheme (ECLGS) has provided much-needed additional credit to more than 130 lakh MSMEs,. ECLGS will be extended up to March 2023 and its guarantee cover will be expanded by ` 50,000 crore to total cover of ` 5 lakh crore
- Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) scheme will be revamped with required infusion of funds
- In order to make MSME sector become more resilient, competitive and efficient, MSME Performance (RAMP) programme will be rolled out.
- Skilling programmes and partnership with the industry will be reoriented to promote continuous skilling avenues, sustainability, and employability.
- Digital Ecosystem for Skilling and Livelihood – the DESH-Stack eportal – will be launched. This aims to empower citizens to skill, reskill or upskill through on-line training
- It will also provide API-based trusted skill credentials, payment and discovery layers to find relevant jobs and entrepreneurial opportunities.
- Startups will be promoted to facilitate 'Drone Shakti' through varied applications and for Drone-As-A-Service (DrAAS)
- The scope of PARIVESH portal will be expended to enable application for all four approvals through a single form, and tracking of the process through Centralized Processing Centre-Green (CPC-Green).
- In order to optimally utilise available infrastructure and enhance competitiveness of exports, the Special Economic Zones Act will be replaced with a new legislation that will enable the states to become partners in 'Development of Enterprise and Service Hubs'.

YOUTH

- To build a resilient mechanism for education delivery. For this purpose, 'one class-one TV channel' programme of PM eVIDYA will be expanded from 12 to 200 TV channels. This will enable all states to provide supplementary education in regional languages for classes 1-12.
- to promote crucial critical thinking skills, to give space for creativity, 750 virtual labs in science and mathematics, and 75 skilling e-labs for simulated learning environment, will be set-up in 2022-23
- High-quality e-content in all spoken languages will be developed for delivery via internet, mobile phones, TV and radio through Digital Teachers
- A competitive mechanism for development of quality e-content by the teachers will be set-up to empower and equip them with digital tools of teaching and facilitate better learning outcomes.
- A Digital University will be established to provide access to students across the country for world-class quality universal education with personalised learning experience at their doorsteps. This will be made available in different Indian languages and ICT formats
- The animation, visual effects, gaming, and comic (AVGC) promotion task force with all stakeholders will be set-up to recommend ways to realize and build domestic capacity for serving our markets and the global demand.
- 68 per cent of the capital procurement budget will be earmarked for domestic industry in 2022-23, up from 58 per cent in 2021-22 to reducing imports and promoting AtmaNirbharta in equipment for the Armed Forces
- World-class foreign universities and institutions will be allowed in the GIFT City to offer courses in Financial Management, FinTech, Science, Technology, Engineering and Mathematics free from domestic regulations, except those by IFSCA to facilitate availability of high-end human resources for financial services and technology

AGRICULTURE

- Chemical-free Natural Farming will be promoted throughout the country, with a focus on farmers' lands in 5-km wide corridors along river Ganga, at the first stage
- To reduce our dependence on import of oilseeds, a rationalised and comprehensive scheme to increase domestic production of oilseeds will be implemented.
- A scheme in PPP mode will be launched for delivery of digital and hi-tech services to farmers with involvement of public sector research and extension institutions along with private agri-tech players and stakeholders of agri-value chain
- Use of 'Kisan Drones' will be promoted for crop assessment, digitization of land records, spraying of insecticides, and nutrients
- States will be encouraged to revise syllabi of agricultural universities to meet the needs of natural, zero-budget and organic farming, modern-day agriculture, value addition and management

- to finance startups for agriculture & rural enterprise, relevant for farm produce value chain, a fund with blended capital, raised under the co-investment model, will be facilitated through NABARD.
- Implementation of the Ken-Betwa Link Project with aimed at providing irrigation benefits to 9.08 lakh hectare of farmers' lands, drinking water supply for 62 lakh people, 103 MW of Hydro, and 27 MW of solar power.

MISCELLANEOUS

- Towards implementation of the new Public Sector Enterprise policy, the strategic partner for NINL (Neelanchal Ispat Nigam Limited) has been selected and The public issue of the LIC is expected shortly
- The National Bank for Financing Infrastructure and Development (NaBFID) and National Asset Reconstruction Company have commenced their activities
- In 2022-23 80 lakh houses will be completed for the identified eligible beneficiaries of PM Awas Yojana, both rural and urban
- The Central Government will work with the state governments for reduction of time required for all land and construction related approvals, for promoting affordable housing for middle class and Economically Weaker Sections in urban areas
- For enabling the livelihood activities for youth and women, filling the gaps in various sectors, a new scheme, Prime Minister's Development Initiative for North-East, PM-DevINE, will be implemented through the North-Eastern Council
- In 2022, 100 per cent of 1.5 lakh post offices will come on the core banking system enabling financial inclusion and access to accounts through net banking, mobile banking, ATMs, and also provide online transfer of funds between post office accounts and bank accounts
- proposed to set up 75 Digital Banking Units (DBUs) in 75 districts of the country by Scheduled Commercial Banks.
- Issuance of e-Passports using embedded chip and futuristic technology will be rolled out in 2022-23
- The adoption or linkage with National Generic Document Registration System (NGDRS) with the 'One-Nation One-Registration Software' will be promoted as an option for uniform process for registration and 'anywhere registration' of deeds & documents.
- The action plans for ten sectors such as electronic waste, end-of-life vehicles, used oil waste, and toxic & hazardous industrial waste are ready.
- As a part of the government's overall market borrowings in 2022-23, sovereign Green Bonds will be issued for mobilizing resources for green infrastructure
- Proposed to introduce Digital Rupee, using blockchain and other technologies, to be issued by the Reserve Bank of India starting 2022-23.

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