



# UNION BUDGET 2021

*Lunawat & Co.*

---

*Lunawat & Co.*

# UNION BUDGET 2021

**For Private Circulation Only**

© 2021 Lunawat & Co.

All Rights Reserved

*Disclaimer :*

Information in this document is intended to provide only a general outline of the subjects covered. We recommend that you seek professional advice prior to initiating action on specific issues. Lunawat & Co. does not take any responsibility for any loss arising from any action taken or not taken by anyone using this material.

## DIRECT TAX PROPOSAL

### CHANGE IN TAX RATES

There is no change in Tax Rates in the Budget.

### FILING OF RETURNS

- 1) Section 5A of the Income Tax Act provides for taxation of spouses governed by Portuguese Civil Code. As per the provisions, any income earned by a partner of a firm whose accounts are required to be audited shall be apportioned between the spouses and included in their total income, if the section 5A applies to them.

It is proposed that the due date for the filing of original return of income be extended to 31st October of the assessment year in case of spouse of a partner of a firm whose accounts are required to be audited under this Act or under any other law for the time being in force, if the provisions of section 5A applies to them.

(Effective from 1<sup>st</sup> April 2021)

- 2) Due date of filing return of partner of a firm which is required to furnish Transfer Pricing Report, as per section 92E of the Act is proposed to be extended to 30th November of the assessment year.

(Effective from 1<sup>st</sup> April 2021)

- 3) Last date for filing of Belated returns of income to be reduced by 3 months. Thus the belated return can now be filed upto 31<sup>st</sup> December of the relevant Assessment Year or before the completion of assessment, whichever is earlier.

(Effective from 1<sup>st</sup> April 2021)

- 4) Last date for filing of Revised returns of income to be reduced by 3 months. Thus the revised return can now be filed upto 31<sup>st</sup> December of the relevant Assessment Year or before the completion of assessment, whichever is earlier.

(Effective from 1<sup>st</sup> April 2021)

- 5) A proviso is to be inserted to the explanation in sub-section (9) of section 139 related to Defective Return, which will empower the Board to specify through notification that any of the conditions laid down in explanation in the same section shall not apply for a class of assessee or shall apply with such modifications, as maybe specified in such notification.

(Effective from AY 2021-22)

### INCOME FROM BUSINESS & PROFESSION

- 1) **Increase of Limit under 44AB**

Prescribed Limit of Turnover of a Business for applicability of Section 44AB (a) has been increased from **5 Crore** to **10 Crores** subject to fulfillment of the condition that the Aggregate of Receipts and Aggregate of Payments in cash during the previous year does not exceed 5% of such Receipts and such Payments respectively.

(Effective from 1<sup>st</sup> April 2021)

**2) Section 43B:**

The deductions in case of actual payments shall not apply and never deemed to have been applied to Employees Contribution collected by Employer covered under section 36 (1)(va) for subsequent payment to welfare funds. Hence late payment of such funds by the employer shall not be allowed as deduction while calculating the taxable income of the employer.

(Effective from 01.04.2021)

**3) Section 44ADA**

The provision of section 44ADA is applicable to Individual, Hindu Undivided Family or a Partnership firm other than a Limited Liability Partnership. Hence LLPs have been specifically excluded from taking benefit of this section.

(Effective from 1<sup>st</sup> April 2021)

## **INCOME FROM CAPITAL GAINS**

**1) Redemption of ULIP**

Definition of Capital Asset has been amended to specify that Unit Linked Insurance Policy of which premium paid in a year in aggregate for all ULIPs exceeds Rs. 2.50 Lacs and which is purchased on or after 1<sup>st</sup> February 2021 shall not be exempt under section 10 (10D) and shall be a Capital Asset. Hence, any gain on maturity or redemption of such policy shall be taxable as Capital Gain.

In Section 45 clause (1B) has been inserted according to which any profits or gains arising from redemption of ULIP shall be chargeable to income-tax under "Capital gains" and shall be deemed to be the income of such person of the previous year in which such amount was received and the income taxable shall be calculated in such manner as may be prescribed. Further such ULIPs now be included in the definition of the Equity Oriented fund in section 112A 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.

(Effective from 1<sup>st</sup> April 2021 and AY 2021-22)

**2) Section 43CA**

For the purpose of computing the consideration value of the property, the value of the property being residential unit sold during 12th November, 2020 to 30th June, 2021 and consideration not exceeding Rs. 2 Crs shall be at the full value of consideration provided that the Stamp duty value does not exceed 120% of the value of property. Earlier the limit was 110% of the value of property. A consequential amendment to section 56(2)(x) has also been made.

(Effective from 1<sup>st</sup> April 2021)

**3) To facilitate the **Strategic Disinvestment of Public Sector Companies**, the following amendments have been proposed:**

- Definition of Demerger has been extended to include the following:
  - a. the reconstruction or splitting up of a public sector company into separate companies shall be deemed to be a demerger.

- b. such reconstruction or splitting up has been made to transfer any asset of the demerged company to the resultant company.
- c. the resultant company is a public sector company on the appointed date.
- d. And, fulfils such other conditions as may be notified by the Central Government.

(Effective AY 2021-22)

- 4) To clearly put forth, the intention of the law, definition of Slump sale & meaning of transfer shall now include all type of transfers e.g. exchange, relinquishment etc. Earlier, as per the wording of the section, only transfer through Sale was covered.

(Effective AY 2021-22)

**5) Goodwill:**

- Definition of Block of Assets has been amended to specify that the Goodwill of a Business or Profession shall not form part of any Block of Asset hence shall not be a depreciable asset.
- In a case where goodwill formed part of a block of asset for the assessment year beginning on the 1st April, 2020 and depreciation has been claimed thereon, 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.
- In a case where goodwill is purchased by an assessee, the purchase price of the goodwill will continue to be considered as cost of acquisition for the purpose of computation of capital gains and if any depreciation was obtained by the assessee in relation to such goodwill prior to the assessment year 2021-22, then the depreciation so obtained by the assessee shall be reduced from the amount of the purchase price of the goodwill.

(Effective from AY 2021-22)

- 6) Transfer of Capital Asset on dissolution or reconstitution of Firm or specified entity:

- Section 45(4) has been substituted, it applies in a case where a specified person (partner / member) receives capital asset at the time of dissolution or reconstitution of the specified entity (firm / AOP) shall be chargeable to income-tax as income of the specified entity under the head capital gains and shall be deemed to be income of such entity in the year capital asset is received by specified person. Cost in such case would be calculated without taking into account increase in the capital account of the Partner due to revaluation of any asset or due to self-generated goodwill or any other self-generated asset.
- New Section 45(4A) has been inserted; In case of Capital Gain on transfer of money or other asset to a partner by the firm on its dissolution, the balance in the capital account of the Partner in the books of account of the specified entity is to be calculated without taking into account increase in the capital account of the Partner due to revaluation of any asset or due to self-generated goodwill or any other self-generated asset.
- In Section 48 of the Act, the fair market value of the capital asset on the date of such receipt shall be deemed to be the full value of the consideration received or accruing as a result of the transfer of the capital asset.

- To mitigate the double taxation, clause (iii) to be inserted in Section 48 to provide that in case of specified entity referred to in sub-section (4A) of section 45, the amount included in the total income of such specified entity under sub-section (4A) of section 45 which is attributable to the capital asset being transferred, shall be reduced from the full value of the consideration to compute income charged under the head capital gains calculated in the manner which will be prescribed later.

(Effective from 01<sup>st</sup> April 2021)

#### **MINIMUM ALTERNATE TAX (MAT)**

- 1) It is proposed to amend the provisions of section 115JB to provide that in cases where past year income is included in books of account during the previous year on account of an advance pricing agreement or a secondary adjustment, the Assessing Officer on application made by the assessee, recompute the book profit of the past year(s) and tax payable. Further, the provisions related to rectification of mistake under section 154 of the Act shall apply so far as possible and the period of four years shall be taken from the end of the financial year in which the application is received by the Assessing Officer

Further also it is proposed to amend provisions of this section to provide similar treatment to dividend as already there for capital gains on transfer of securities, interest, royalty and Fee for Technical Services (FTS) in calculating book profit for the purposes of section 115JB of the Act for Foreign Companies, so 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.

(Effective from 1<sup>st</sup> April 2021 and AY 2021-22)

#### **CHARITABLE INSTITUTIONS**

- 1) Corpus donations received shall be invested or deposited in one or more of the forms or modes specified in section 11(5) maintained specifically for such corpus to claim exemption.
- 2) Application for charitable or religious purposes from the corpus shall not be treated as application of funds for charitable/religious purpose. However it shall be treated as such application if it is invested from current income to the extent of corpus as per section 11(5).
- 3) Funds received from any loan or borrowing shall be treated as application of income for charitable or religious purposes as & when the loan is repaid to the lender.
- 4) No set off or deduction or allowance of any excess application, of any of the year preceding the previous year, shall be allowed.

(Effective from 1<sup>st</sup> April 2022)

#### **SET-OFF & CARRY FORWARD OF LOSSES**

- 1) The benefit of carry forward of Business loss and Unabsorbed Depreciation has been extended to amalgamating Public sector companies, if the following conditions are satisfied-

- The share purchase agreement entered into under strategic disinvestment restricted immediate amalgamation of the said public sector company; and
- The amalgamation is carried out within five year from the end of the previous year in which the restriction on amalgamation in the share purchase agreement ends.

The accumulated loss and the unabsorbed depreciation of the amalgamating company which is deemed to be loss or, as the case may be, allowance for unabsorbed depreciation of the amalgamated company shall not be more than the accumulated loss and unabsorbed depreciation of the public sector company as on the date on which the public sector company ceases to be a public sector company as a result of strategic disinvestment.

(Effective from 1st April 2021)

#### EXEMPTIONS, DEDUCTIONS & RELIEFS

- 1) Section 10 (11) & (12) are being amended to provide that these exemptions shall not be available to the interest income accrued during the previous year in the account of the person to the extent it relates to the amount or the aggregate of amounts of contribution made by the person exceeding Rs.2.50 Lakhs in a previous year in provident funds covered under the said sub-sections, on or after 1st April, 2021.

- 2) **Deduction 80-IBA**

To allow deduction under section 80-IBA of 100% deduction to the assessee on profits and gains derived from business of developing and building affordable housing project has been extended to 31st March 2022.

Also rental housing projects which are notified by Central Government would also be allowed deduction u/s 80-IBA on similar basis. The time limit to approve affordable house rental projects would be 31st March 2022.

- 3) **Deduction 80-LA**

- The deduction under said section is also available to a unit of International Financial Services Centre if it is registered under the International Financial Services Centre Authority Act, 2019
- Further, the income arising from transfer of an asset, being an aircraft or aircraft engine which was leased by an offshore banking unit in SEZ to a domestic company engaged in the business of operation of aircraft before such transfer shall also be eligible for 100% deduction subject to condition that the unit has commenced operation on or before the 31st March 2024.
- In case the unit is registered under the International Financial Services Centre Authority Act, 2019 then the copy of permission shall mean a copy of the registration obtained under the International Financial Services Centre Authority Act, 2019.

(Effective from 1st April 2022 and AY 2022-23)

- 4) Section 80IAC has been amended to extend the date of incorporation for eligible start up for exemption if the date of incorporation of such start up is upto 31<sup>st</sup> March 2022.

- 5) Section 54GB has been amended to extend the date of investment in eligible start-up to date of transfer of residential property from 31<sup>st</sup> March 2021 to 31<sup>st</sup> March 2022.
- 6) In order to help first time home buyers, deduction of Interest on housing loan under section 80EEA of the Act has been extended to the loans sanctioned upto 31<sup>st</sup> March 2022.
- 7) Section 89A has been inserted which specifies that withdrawals from Overseas Retirement Funds by a Resident who had maintained such fund while he was a non-resident shall be taxable at the time of withdrawal and not on accrual basis.

(Effective from 1<sup>st</sup> April 2022 and AY 2022-23)

## **TAX DEDUCTION AT SOURCE (TDS)**

### **1) Section 194**

The provisions of section 194 related to TDS on Dividend shall not apply to such income credited or paid to a business trust by a special purpose vehicle or payment of dividend to any other person as may be notified.

(Effective from 1<sup>st</sup> April, 2020)

### **2) Section 194P**

A new section has been introduced to deduct in case of a specified senior citizen (individual being resident in India, aged 75 years or more, having income of pension or interest received or receivable only). Such person should have interest income from the same bank in which he receives pension income. The said bank shall be required to deduct tax at source on such income after deduction under chapter VI-A and rebate under 87A at the rates in force. Further, such specified senior citizen shall not require to file his/her income tax return under section 139.

(Effective from 1<sup>st</sup> April 2021)

### **3) Section 194Q**

- ❖ Any person, being a buyer (whose sales exceeds 10 crores in immediately preceding the financial year in which purchases are made) who is responsible for paying any sum to any resident for purchase of any goods of the value or aggregate of such value exceeding 50 lakhs in any previous year, shall, at the time of credit of such sum to the account of the seller or at the time of payment by any mode whichever is earlier deduct an amount equal to 0.1% of such sum exceeding 50 lakh as income tax. However, TDS would not be deductible in S. 194Q in case TDS is deducted under any other section or TCS is collectible under provisions of s. 206C other than a transaction to which s. 206C(1H) applies

Where the tax is required to be deducted under section 194Q, if the deductee fails to provide PAN, the rate of TDS shall be 5%.

(Effective from 1<sup>st</sup> April 2021)

### **4) Section 196D**

- Where any income in respect of securities referred to in section 115AD(1)(a), not being income by way of interest referred to in section 194LD, is payable to a Foreign

Institutional Investor, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment, whichever is earlier, deduct income-tax thereon at the rate of 20 %.

Provided that no such deduction shall be made in respect of any dividends referred to in section 115-O.

- No deduction of tax shall be made from any income, by way of capital gains arising from the transfer of securities referred to in section 115AD, payable to a Foreign Institutional Investor.
- As per Agreement referred to in section 90(1) or section 90A(1), TDS shall be deducted at the rate of 20% or at the rate or rates of income tax provided in such agreement for such income , whichever is lower.

(Effective from 1st April, 2021)

#### **5) Section 206AB**

Proposed section of TDS would apply on any sum or income or amount paid, or payable or credited, by a person (herein referred to as deductee) to a person who has not filed Income Tax Return for consecutive previous 2 years and whose TDS/TCS for these 2 years is more than Rs.50000.

This section shall not apply where the tax is required to be deducted under sections 192, 192A, 194B, 194BB, 194LBC or 194N of the Act. The proposed TDS rate in this section 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%

If the specified person does not provide PAN, the tax shall be deducted at higher of the two rates provided in this section and in section 206AA of the Act.

However, such person shall not include a non-resident who does not have a permanent establishment in India.

(Effective from 1<sup>st</sup> July 2021)

### **TAX COLLECTION AT SOURCE (TCS)**

#### **1) Section 206CCA**

This section would apply on any sum or amount received by a person (herein referred to as collectee) by a person (herein referred to as deductee) to a person who has not filed Income Tax Return for consecutive previous 2 years and whose TDS/TCS for these 2 years is more than Rs.50000. The proposed TCS rate in this section shall be higher of the following rates:-

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

If the specified person does not provide PAN, the tax shall be collected at higher of the two rates provided in this section and in section 206CC of the Act.

However, such person shall not include a non-resident who does not have a permanent establishment in India.

(Effective from 1<sup>st</sup> July 2021)

## **ASSESSMENT & APPEALS**

### **1) Section 142**

Section 142 gives the Assessing Officer authority to issue notice to an assessee who has not submitted return, asking for submission of return. This power can be currently invoked only by the assessing Officer.

(Effective from 1<sup>st</sup> April, 2021)

### **2) It is proposed to amend following provisions of the section 143(1):-**

- to allow for the adjustment on account of increase in income indicated in the audit report but not taken into account in computing the total income.
- Not allowing deductions u/s 10AA or Part C of Chapter VIA, if income tax return is not filed within the time specified u/s 139(1).
- Time Limit for sending intimation under sub-section (1) from one year to 9 months from the end of the financial year in which the return was furnished.
- Also it is proposed to reduce the time limit to issue notice under sub-section (2) from six months to three months from the end of the financial year in which the return is furnished.

(Effective from 1<sup>st</sup> April, 2021)

### **3) Section 148A**

#### **● Enquiry before issuing notice under section 148**

AO before issuing notice under 148 –

- a) Has to conduct an enquiry with prior approval with authority with respect to the information which suggests that the income chargeable to tax has escaped assessment.
- b) Provide an opportunity of being heard to the assessee by issuing Show Cause Notice (SCN).
- c) Consider the reply of assessee furnished, if any, in response to the SCN issued under (b)
- d) Decide, on the basis of material available on record including reply of the assessee, whether or not it is a fit case to issue a notice u/s 148.

(Effective from 1<sup>st</sup> April 2021)

#### **● Amendment in time limit of issue notice under section 148.**

In case Assessing Officer has reason to believe that any income chargeable to tax has escaped assessment for any assessment year, he may assess or reassess or recompute the total income for such year under section 147 of the Act by issuing a notice under section 148 of the Act within time limits prescribed under section 149.

Time limit under section 149 is amended, New time limits are:

- a) Within 3 years from the end of relevant Assessment year except case falling u/s 149(1) (b).
- b) Within 10 years from the end of relevant Assessment year in case AO has evidence which reveals that the income chargeable to tax, represented in the form of asset, which has escaped assessment amounts to or is likely to amount to Rs. 50 lacs or more for that year.

*Authority eligible to issue notice under section 148 & 148A*

- a) Principal Commissioner or Principal Director or Commissioner or Director, if three years or less than three years have elapsed from the end of the relevant assessment year.
- b) Principal Chief Commissioner or Principal Director General or where there is no Principal Chief Commissioner or Principal Director General, Chief Commissioner or Director General, if more than three years have elapsed from the end of the relevant assessment year.

(Effective from AY 2021-22)

#### **4) Search Cases**

- The provisions of section 153A and section 153C, of the Act are proposed to be made applicable to only search initiated under section 132 of the Act or books of accounts, other documents or any assets requisitioned under section 132A of the Act, on or before 31st March 2021.
- Assessments or reassessments or in re-computation in cases where search is initiated under section 132 or requisition is made under 132A, after 31st March 2021, shall be under the new procedure.

(Effective from 1st April 2021)

#### **5) Section 143 & 144**

The time limit for completion of assessment under section 143 and 144 shall be 9 months from the end of assessment year. Earlier the limit was 12 months.

(Effective from 1st April, 2021)

#### **6) Section 245W**

Inserted to provide for appeal by the applicant as well as by the Department to High Court against the order passed or ruling pronounced by the Board for Advance Ruling. Appeal shall be filed within sixty days from the date of the communication of such ruling or order.

If the High Court is satisfied by the application made by the appellant that he was prevented by sufficient cause from presenting the appeal within the period specified, it may allow a further period of thirty days for filing such appeal.

The Central Government has been empowered to notify a scheme for filing of appeal by the Assessing Officer and may, direct that any of the provisions under the income tax act shall not apply or shall apply with any exceptions, modifications and adaptations as may be specified in the notification before 1st day of March, 2023.

(Effective from 1st April, 2021)

## **7) Faceless ITAT Proceedings**

New sub-sections in the section 255 of the Act has been inserted so as to provide that the Central Government may notify a scheme for the purposes of disposal of appeal by the ITAT so as to impart greater efficiency, transparency and accountability by,—

- a. eliminating the interface between the ITAT and parties to the appeal in the course of proceedings to the extent technologically feasible
- b. Optimising Utilisation of the resources through economies of scale and functional specialisation
- c. Introducing an appellate system with dynamic jurisdiction.

Central Government is empowered to direct that any of the provisions of this Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification on or before 31st March, 2023.

(Effective from 1st April, 2021)

## **MISCELLANEOUS PROVISIONS**

- 1)** Definition of words “Liable to Tax”: The Term “Liable to Tax” in relation to a person means that:

- a. there is a liability of tax on that person under the law of any country, and
- b. will include a case where subsequent to imposition of such tax liability, an exemption has been provided.

(Effective from 1<sup>st</sup> April 2021)

- 2)** While calculating Advance Tax on Dividend Income, advance tax liability shall arise after the declaration/receiving of the income and any interest liability on shortfall of advance tax shall be calculated on the subsequent installments only.

(Effective from 1<sup>st</sup> April 2021)

- 3)** Previously as per provisions of section 281B, in cases of assessment or reassessment the Assessing Officer may provisionally attach any property of the assessee, if necessary, in order to protect the interest of revenue. It is proposed to amend the provision of section 281B of the Act so that the Assessing Officer now can exercise the powers of provisional attachment if the amount or aggregate of amounts of penalty imposable u/s 271AAD (fake invoice) is likely to exceed two crore rupees.

(Effective from 1st April, 2021)

- 4)** Section 115AD is proposed to be amended to make the provision of this section applicable to investment division of an offshore banking unit in the same manner as it applies to specified fund. However, the provisions shall apply to the extent of income that is attributable to the investment division of such banking unit as a Category-III portfolio investor under the Securities and exchange Board of India (Foreign Portfolio investors) Regulations, 2019 made under the Securities And Exchange Board of India Act, 1992.

(Effective from 1st April 2022 and AY 2022-23)

#### **5) Dispute Resolution Committee**

CG shall constitute one or more Dispute Resolution Committees as per rules made under this Act. This committee shall resolve disputes of such persons or class of person which shall be specified by the Board.

The Committee shall have power to reduce or waive any penalty imposable under this Act or grant immunity from prosecution for any offence punishable under this Act in case of a person whose dispute is resolved under this Chapter. However, the power shall be subject to conditions laid down therein.

The scheme shall impart greater efficiency, transparency and accountability by eliminating interface to the extent technologically feasible, by optimising utilisation of resources and introducing dynamic jurisdiction. The Central Government may, for the purposes of giving effect to the scheme, by notification in the Official Gazette, direct that any of the provisions of this Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification. However, no such direction shall be issued after the 31st day of March, 2023.

Every notification under sub section 3 and 4 shall, after the notification is issued, be laid down before each house of parliament.

(Effective from 1st April, 2021)

#### **6) Board of Advance Ruling**

- The Authority for Advance Ruling (AAR) is substituted by Board of Advance Ruling (BAR). Such board shall be constituted by CG.
- Authority for Advance Ruling shall cease to operate on and from the notified date.
- CG Shall constitute one or more Board for Advance Rulings by notification in official gazette.
- Board will comprise two members each being an officer not below the rank of Chief Commissioner, as may be nominated by the Board

(Effective from 1st April 2021)

#### **7) Income Tax Settlement Commission to discontinue**

- Amendment in Section 245D CG shall discontinue Income-tax Settlement Commission (ITSC). ITSC shall cease to operate from 1<sup>st</sup> February 2021 and CG shall constitute **Interim Board** for pending settlement cases.
- This board shall consist of three members each being officer of the rank of chief commissioner as nominated by board. The decisions of the board shall be based on majority basis. Such interim Board shall have the same powers as given to Settlement Commission under section 245F/G/H.
- As insertion of Section 245M which is related with pending application assessee has an option to withdraw such application within period of 3 months from date of commencement of Finance Act 2021 and intimate to AO In respect of withdrawal.
- In case such option is not exercised by the assessee within the time allowed, then the pending application shall be deemed to have been received by the Interim Board on the date on which such application is allotted or transferred to the Interim Board.

- In case of rectification of any application U/S 245(6B), the time limit for such rectification shall not include the period from 1st February, 2021 to the date of forming of Interim Board. And the remaining period shall be extended to sixty days, if it is less than sixty days.

(Effective from 1<sup>st</sup> February 2021)

- 8)** Meaning of Zero Coupon bonds has been extended to bonds issued by Infrastructure Debt funds which are notified by the Central Government in the Official Gazette. Consequential amendment is also being made in section 194A (3) of the Act hence TDS shall not be required to be deducted by such “infrastructure debt fund”.

(Effective from 1<sup>st</sup> April 2021 and AY 2021-22)

**9) IFSC:**

- Requirement of keeping at least 51% share for carry forward of losses as per Section 79 shall not be applicable to a company to the extent that a change in the shareholding has taken place during the previous year on account of relocation of a capital asset due to transfer of shares from an existing fund to a resultant fund.
- Section 9A is being amended to provide that any condition mentioned in the section shall not apply to an eligible investment fund or its eligible fund manager, if the fund manager is located in an international Financial Services Centre and has commenced its operations on or before 31<sup>st</sup> March 2024.
- The exemption under section 10(4D) shall also be available in case of any income accrued or arisen to, or received to the investment division of offshore banking unit to the extent attributable to it and which is computed in a prescribed manner.
- Further, it is also proposed that in case of conversion, transfer of a capital asset by the primary co-operative bank to the banking company shall not be treated as transfer u/s 47 of the Act. Consequently, the allotment of shares of the converted banking company to the shareholders of the predecessor shall not be treated as transfer under the said section of the Act.

(Effective from 1<sup>st</sup> April 2021)

## GOODS AND SERVICE TAX PROPOSALS

### AMENDMENTS IN CGST ACT, 2017

- Clause (aa) is being inserted in sub-section (1) to section 7 to ensure levy of tax on activities or transactions involving supply of goods or services by any person, (other than an individual), to its members or constituents or vice-versa, for cash, deferred payment or other valuable consideration. Accordingly Paragraph 7 of Schedule II is being omitted with retrospective effect from 1st July, 2017 which mentioned these supplies.
- Clause (aa) is being inserted in sub-section (2) to section 16 to provide that input tax credit on invoice or debit note may be availed only when the details of such invoice or debit note has been furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note.
- Sub-section (5) to section 35 is being omitted, which remove requirement of getting annual accounts audited by a chartered accountant or a cost accountant and to submit a copy of the audited annual accounts and the reconciliation statement duly audited by aforesaid professionals.
- Section 44 is being substituted to remove the mandatory requirement of furnishing a reconciliation statement duly audited by a chartered accountant or a cost accountant.  
It provide for filing of the annual return on the basis of self-certified reconciliation statement.  
It further empowers the Commissioner to exempt a class of taxpayers from the requirement of filing the annual return.
- Proviso to sub-section (1) to section 50 is being substituted to charge interest on net cash liability retrospectively with effect from the 1st July, 2017.
- An explanation is being inserted in sub-section (12) to section 75 to clarify that "self-assessed tax" shall include the tax payable in respect of details of outward supplies furnished under GSTR-1 (section 37), but not included in the return furnished under GSTR-3B (section 39).
- Section 83: Proviso is being inserted in sub-section (6) to section 107 to provide that no appeal shall be filed against an order made under sub-section (3) of section 129 regarding detention, seizure and release of goods and conveyances in transit, unless a sum equal to twenty-five percent of the penalty has been paid by the appellant.

### AMENDMENTS IN IGST ACT, 2017

- Section 16 of the IGST Act is being amended so as to:
  - (i) zero rate the supply of goods or services to a Special Economic Zone developer or a Special Economic Zone unit only when the said supply is for authorised operations;
  - (ii) restrict the zero-rated supply on payment of integrated tax only to a notified class of taxpayers or notified supplies of goods or services; and
  - (iii) link the foreign exchange remittance in case of export of goods with refund and in case of non-realisation of sale proceeds, person shall be liable to deposit the refund so received along with the applicable interest within thirty days after the expiry of the time limit prescribed under the FEMA, 1999

## CUSTOM PROPOSALS

### CUSTOM PROPOSALS

- Section 25 is being amended to prescribe that all conditional exemptions, unless otherwise specified or varied or rescinded, given under Customs Act shall come to an end on 31st March falling immediately two years after the date of such grant or variation. All existing conditional exemptions in force as on the date on which the Finance Bill 2021 receives the assent of the President unless having a prescribed end date, shall come to an end on 31st March, 2023 (if not specifically extended/ rescinded earlier) on review.
- Section 28BB is introduced with a two-year time limit, further extendable by one year by the Commissioner, for completion of any proceedings under this act which would culminate in issuance of a notice u/s 28 regarding When any duty has not been levied or has been short-levied or erroneously refunded, or when any interest payable has not been paid, part paid or erroneously refunded.
- Section 46(3) is being amended to:
  - a) Mandate filing of bill of entry before the end of the day preceding the day (including holidays) of arrival of goods.
  - b) A new proviso is being added to enable the Board to notify the time period for presenting bill of entry in certain cases as it may deem fit.
- Section 110 is being amended to revise the procedure for pre-trial disposal of seized gold (in any form as notified).
- Clause (ja) is being inserted under Section 113 to extend the scope of Confiscation of goods attempted to be improperly exported, etc. Now any goods entered for exportation under claim of remission or refund of any duty or tax or levy, so as to make a wrongful claim in contravention of the provisions of the Customs Act, 1962 or any other law for the time being in force can be subject to confiscation.
- Section 114AC is being inserted to prescribe penalty in specific case where any person has obtained any invoice by fraud, collusion, wilful misstatement or suppression of facts to utilize Input Tax Credit on the basis of such invoice for discharging any duty or tax on goods that are entered for exportation under claim of refund of any duty or tax.
- Explanation to section 139 of Customs Act is also amended so as to include inventories, photographs and lists certified by the Commissioner under the new sub-section (1D) to the documents within the meaning of that section to give evidentiary value to such documents.
- Section 149 is being amended so as to:
  - a) Introduce a second proviso which would allow amendments to be done through the customs automated system on the basis of risk evaluation through appropriate selection criteria.
  - b) Introduce a third proviso so that certain amendments, as may be specified by the Board, may be done by the importer or exporter on the common portal.

- A new clause “(ca)” under sub section (1) of Section 153 is amended thereof so as to enable service of order, summons, notice, etc. by making it available on the common portal.
- Chapter XVII is being amended to insert a new section 154C for notification of a common portal for facilitating registration, filing of bills of entry, shipping bills, any other document or form prescribed under this act or under any other law for the time being in force or the rules and regulations made thereunder, payment of duty and for carrying out such other functions and for such purposes as may be specified.

#### **AMENDMENTS IN THE CUSTOMS TARIFF ACT 1975**

- Section 8B is being amended to incorporate certain technical changes.
- Section 9 is being amended to include provisions for anti-absorption, retrospective levy from the date of initiation of investigation in anti-circumvention cases, aligning countervailing duty provisions with those in safeguard measures in respect of levy on goods cleared from EOU and SEZ into Domestic Tariff Area, stipulating that when countervailing duty is revoked temporarily, such revocation shall be for a period not exceeding one year at a time and to provide for imposing Countervailing duty on review for period not exceeding 5 years at a time, instead of the 5 years at present.
- Section 9A is being amended to include provisions for anti-absorption, retrospective levy in anti-circumvention cases, aligning anti-dumping duty provisions with those in safeguard measures in respect of levy on goods cleared from EOU and SEZ into Domestic Tariff Area, stipulating that when anti-dumping duty is revoked temporarily, such revocation shall be for a period not exceeding one year at a time and to provide for imposing ADD on review for period not exceeding 5 years at a time, instead of the 5 years at present.

#### **OTHER MISCELLANEOUS CHANGES**

- High Speed Rail Projects are being included in list of projects to which Project Imports Scheme is applicable.
- National High Speed Rail Corporation Ltd. is being nominated as the “Sponsoring Authority” under Project Import Regulations, 1986 for approving the items required to be imported under the Project Imports Scheme for High-Speed Rail Projects.

#### **PROPOSALS INVOLVING CHANGES IN RATES OF DUTY**

##### **A. Tariff rate changes for Basic Customs Duty**

**APPLICABLE WITH EFFECT FROM 02.02.2021**

##### **Chemicals**

<b>Particulars/Items</b>	<b>Rate of Basic Custom Duty</b>
Carbon Block	From 5% to 7.5%

**Plastic Items**

Particulars/Items	Rate of Basic Custom Duty
Builder's ware of Plastics	From 10% to 15%
Gems & Jewellery	
Particulars/Items	Rate of Basic Custom Duty
Cut and Polished Synthetic stones, including Cut and Polished Cubic Zirconia	From 10% to 15%

**Electronics and Electrical equipment's**

Particulars/Items	Rate of Basic Custom Duty
Compressors of a kind used in refrigerating equipment	From 12.5% to 15%
Compressors of a kind used in air-conditioning equipment	From 12.5% to 15%
Printed Circuit Board Assembly [PCBA] of charger or adapter (All goods under this tariff item, other than above, will continue to attract the existing effective rate of BCD at 10%)	From 10% to 15%

**C) New entries added to the First Schedule [Clause 95 (ii) and 95 (iii) of the Finance Bill, 2021]**

- 1) Harmonizing the Customs Tariff Act 1975 with the HSN 2022:
  - a) Changes to the first schedule to the Customs Tariff Act are being proposed that are to come into effect from 01.01.2022. This is in accordance with HSN 2022, which proposes 351 amendments to the existing harmonized nomenclature, covering a wide range of goods moving across borders.
  - b) The amendments are necessary to adapt to the current trade through the recognition of new product streams, the changing nature of commodities being traded, advent of new technologies and addressing the environmental and social issues of global concern- all with a prime focus on the larger goal of ease of doing business and trade facilitation.
- 2) New tariff lines under the heading 2709 in the Customs Tariff Act, 1975:
  - 2709 00 10 -- petroleum crude
  - 2709 00 20 -- other

**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
Denatured Ethyl Alcohol (ethanol) for use in manufacture of excisable goods	From 2.5% to 5%
All goods except dog and cat food and shrimp larvae feed	From Nil/5%/10%/15%/20%/30% to 15%

**Minerals**

Particulars/Items	Rate of BCD
Natural borates and concentrates thereof	From Nil/5% to 2.5%

**Fuels, Chemicals and Plastics**

Particulars/Items	Rate of BCD
Naphtha	From 4% to 2.5%
Bis-phenol A	From Nil to 7.5%
Epichlorohydrin	From 2.5% to 7.5%
Caprolactam	From 7.5% to 5%
Polycarbonates	From 5% to 7.5%
Nylon chips	From 7.5% to 5%
Other plates, sheets, films, etc. of other plastics	From 10% to 15%

**Leather**

Particulars/Items	Rate of BCD
Wet blue chrome tanned leather, crust leather, finished leather of all kinds, including splits and sides of the aforesaid	From Nil to 10%

**Textile**

Particulars/Items	Rate of BCD
Raw Silk (not thrown)	From 10% to 15%
Silk yarn, yarn spun from silk waste (whether or not put up for retail sale)	From 10% to 15%
Raw Cotton	From Nil to 5%/5%AIDC*

Cotton waste (including yarn waste or garneted stock)	From Nil to 10%
Nylon Fibre and Yarn	From 7.5% to 5%

### Gems and Jewellery Sector

Particulars/Items	Rate of BCD
Silver	From 12.5% to 7.5%/2.5%AIDC*
Silver Dore	From 11% to 6.1%/2.5%AIDC*
Gold	From 12.5% to 7.5%/2.5%AIDC*
Gold Dore	From 11.8% to 6.9%/2.5%AIDC*
Base metals or precious metals clad with precious Metals	From 12.5% to 10%
Other precious metals like Platinum, Palladium, etc.	From 12.5% to 10%
Waste and scrap of precious metals or metals clad with precious metals	From 12.5% to 10%
Spent catalyst or ash containing precious metals	From 11.85% to 9.17%
Gold or Silver Findings	From 20% to 10%
Coin	From 12.5% to 10%

\* Agriculture Infrastructure and Development Cess

### Metals

Particulars/Items	Rate of BCD
Iron and steel scrap, including stainless steel scrap[up to 31.03.2022]	From 2.5% to Nil
Primary/Semi-finished products of non-alloy steel	From 10% to 7.5%
Flat products of non-alloy and alloy steel	From 10.5/12.5% to 7.5%
Long product of non-alloy, stainless and alloy steel	From 10% to 7.5%
Raw materials for use in manufacture of CRGO steel [up to 31.03.2023]	From 2.5% to Nil
Copper Scrap	From 5% to 2.5%
Screw, bolts, nuts, etc. of iron and steel	From 10% to 15%

**IT, Electronics and Renewable**

<b>Particulars/Items</b>	<b>Rate of BCD</b>
Specified insulated wires and cables	From 7.5% to 10%
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)	From Nil to Applicable Rate
Inputs or parts for manufacture of Printed Circuit Board Assembly (PCBA) of cellular mobile phone (w.e.f. 1.4.2021)	From Nil to 2.5%
Inputs or parts for manufacture of camera module of cellular mobile phone	From Nil to 2.5%
Inputs or parts for manufacture of connectors of cellular mobile phone	From Nil to 2.5%
Inputs or raw material for manufacture of specified parts like back cover, side keys etc. of cellular mobile phone	From Nil to 2.5%
Inputs or raw material (other than PCBA and moulded plastics) for manufacture of charger or adapter of cellular mobile phones	From Nil to 10%
Moulded plastics for manufacture of charger or Adapter	From 10% to 15%
Inputs or parts of Printed Circuit Board Assembly of charger or adapter of cellular mobile phones	From Nil to 10%
Inputs or parts of Moulded Plastic of charger or adapter of cellular mobile phones	From Nil to 10%
Inputs or raw materials (other than Lithium-ion cell and PCBA) of Lithium-ion battery or battery pack	From Nil to 2.5%
Parts or components of PCBA of Lithium-ion battery or battery pack	From Nil to 2.5%
Inputs or raw materials of following goods: - (i) Other machines capable of connecting to an automatic data processing machine or to a network (8443 32 90) (ii) Ink cartridges, with print head assembly (8443 99 51) (iii) Ink cartridges, without print head assembly (8443 99 52) (iv) Ink spray nozzle (8443 99 53)	From Nil to 2.5%
Inputs and parts of LED lights or fixtures including LED Lamps	From 5% to 10%
Inputs for use in the manufacture of LED driver or MCPCB (Metal Core Printed Circuit Board) for LED lights or fixtures including LED Lamps	From 5% to 10%

Solar lanterns or solar lamps	From 5% to 15%
Solar Inverters	From 5% to 20%
Parts of Electronic Toys for manufacture of electronic toys	From 5% to 15%
Aviation Sector	
Particulars/Items	Rate of BCD
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.	From 2.5% to 0%

### Medical Devices

Particulars/Items	Rate of BCD
Medical Devices imported by International Organization and Diplomatic Missions	Health Cess From 5% to Nil

### Goods Imported under Project Import Scheme

Particulars/Items	Rate of BCD
High Speed Rail Projects being brought under project imports	From Applicable to 5%
High Speed Rail Projects being brought under project imports	From 10% to 15%

### Capital Goods

Particulars/Items	Rate of BCD
Tunnel boring machines	From Nil to 7.5%
Parts and components for manufacture of tunnel boring machines with actual-user condition	From Nil to 2.5%

## 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:

- to allow job-work of the materials (except gold and jewellery and other precious metals) imported under concessional rate of duty.
- to allow 100% out-sourcing for manufacture of goods on job-work.
- to allow imported capital goods that have been used for the specified purpose to be cleared on payment of differential duty, along with interest, on the depreciated value. The depreciation norms would be the same as applied to EOUs, as per Foreign Trade Policy.

## EXCISE PROPOSALS

### CHANGE IN EFFECTIVE RATE OF BASIC EXCISE DUTY AND SPECIAL ADDITIONAL EXCISE DUTY ON PETROL AND DIESEL [EFFECTIVE FROM 02.02.2021]

S.NO.	Item	BED (Rs/Ltr)	SAED (Rs/Ltr)	AIDC (Rs/Ltr)
1	Petrol (unbranded)	1.4	11	2.5
2	Petrol (branded)	2.6	11	2.5
3	High speed diesel (unbranded)	1.8	8	4
4	High speed diesel (branded)	4.2	8	4

### IMPOSITION OF AGRICULTURE INFRASTRUCTURE AND DEVELOPMENT CESS (AIDC) ON PETROL AND DIESEL

S.NO.	Commodity	Rate of AIDC [Clause[116] of the Finance Bill, 2021]*
1	Motor spirit commonly known as petrol	Rs. 2.5 per litre
2	High speed diesel	Rs. 4 per litre

\*Will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931.

### IMPOSITION OF AGRICULTURE INFRASTRUCTURE AND DEVELOPMENT CESS (AIDC) ON PETROL AND DIESEL

Tariff items 2709 10 00, 2709 20 00, and the entries are being substituted relating thereto as under: [to be made effective from 01.04.2021] [Clause [96(i)] of the Finance Bill, 2021]			
Tariff Item	Description of goods	Unit	Rate of duty
2709	Petroleum oils and oils obtained from bituminous minerals, crude		
2709 00 10	Petroleum crude	Kg.	Nil
2709 00 20	Other	Kg.	.....

It is proposed that tariff rate of 14%+ Rs. 15.00 per litre against tariff item 2710 20 10 and 2710 20 20 may be prescribed and made effective from 01.01.2020, retrospectively.

## OTHER ACTS PROPOSALS

### INDIAN STAMP ACT, 1899

- In the Indian Stamp Act, 1899, a new section 8G shall be inserted to provide that the strategic sale, disinvestment, demerger or any other scheme of arrangement, of immovable property by Government company, its subsidiary, unit or joint venture to another Government company, Central Government or State Government, shall not be liable to stamp duty.

### SECURITIES CONTRACTS (REGULATION) ACT, 1956.

- Clause (da) is being inserted in section 2 to define the expression “pooled investment vehicle” which means a fund established in India in the form of a trust or otherwise, such as mutual fund, alternative investment fund, collective investment scheme or a business trust as defined in sub-section (13A) of section 2 of the Income tax Act, 1961 and registered with the Securities and Exchange Board of India, or such other fund, which raises or collects monies from investors and invests such funds in accordance with such regulations as may be made by the Securities and Exchange Board of India in this behalf.
- Section 30B is being inserted specify that,
  - a pooled investment vehicle, whether constituted as a trust or otherwise, shall be eligible to borrow and issue debt securities and shall be permitted to provide security interest to lenders, in terms of facility documents entered into by such pooled investment vehicles.
  - it further provides that in case of default, the lenders shall recover the defaulted amount against the trust assets, by initiating proceedings against the trustee acting on behalf of the pooled investment vehicle, and whatever remains after paying the lenders shall be remitted to the unit holders.

These amendments will take effect from 1<sup>st</sup> April, 2021

### CENTRAL SALES TAX ACT, 1956

- Clause (b) of section 8(3) of the Central Sales Tax Act, 1956, shall be substituted so as to exclude therefrom the goods used in the telecommunication network or in mining or in generation or distribution of electricity or any other form of power.

### RECOVERY OF DEBTS DUE TO BANKS AND FINANCIAL INSTITUTIONS ACT, 1993

- In section 2, in clause (g), definition of “debt” shall also include debt incurred by pooled investment vehicles as defined in clause (da) of section 2 of the Securities Contracts (Regulation) Act, 1956.

This amendment will take effect from 1<sup>st</sup> April, 2021.

### FINANCE ACT, 2001

- In the Seventh Schedule to the Finance Act, 2001,

- after tariff item 2403 99 90 and the entries relating thereto, the following tariff items and entries shall be inserted namely:

2404 11 00	containing tobacco or reconstituted tobacco	Kg	25%
2404 19 00	Other	Kg	25%

This amendment will take effect from 1st January, 2022.

#### **AMENDMENTS TO THE FINANCE (NO.2) ACT, 2004**

- Sub clause 13 (b) of section 97 is being amended to extend the scope of taxable security transactions. Now sale of a unit of an equity oriented fund to the Mutual Fund or sale or surrender or redemption of a unit of an equity oriented fund to an insurance company, on maturity or partial withdrawal, with respect to unit linked insurance policy issued by such insurance company is also covered under taxable security transaction"
- Also Serial no 5A is being inserted in Section 98 to cover the above sale to insurance company with in the preview of security transaction tax

These amendments will take effect from 1st February, 2021

#### **AMENDMENT TO THE FINANCE ACT, 2016 – EQUALIZATION LEVY**

- Explanation is being inserted under section 163(3) regarding equalisation levy, that the consideration received or receivable for specified services and e-commerce supply or services shall not include the consideration, which are taxable as royalty or fees for technical services in India
- Explanation is being inserted to clause (cb) in section 164 to define the scope of "online sale of goods" and "online provision of services". Now it shall include the following online activities
  - a) Acceptance of offer for sale; or
  - b) Placing of purchase order; or
  - c) Acceptance of the purchase order; or
  - d) Payment of consideration; or
  - e) Supply of goods or provision of services, partly or wholly
- Clause (b) is being inserted in section 165A, which explains that consideration received or receivable from ecommerce supply or services shall include
  - i) Sale of goods irrespective of whether the e-commerce operator owns the goods;
  - ii) Provision of services irrespective of whether service is provided or facilitated by the e-commerce operator.

These amendments will take effect from 1st day of April, 2020

## OTHER GENERAL PROPOSALS

### OVERVIEW OF INDIAN ECONOMY

- The Indian economy will nearly to become a 3 trillion dollar economy.
- Gross Domestic Product (GDP) growth is projected to contract by 7.7 % in 2020-21 as compared to a growth of 4.2 % in 2019-20
- The fiscal deficit in RE 2020-21 is pegged at 9.5% of GDP

### IHEALTH AND WELL BEING

- PM AtmaNirbhar Swasth Bharat Yojana, will be launched to develop capacities of primary, secondary, and tertiary care Health Systems.
- Setting up integrated public health labs in all districts and 3382 block public health units in 11 states;
- Establishing critical care hospital blocks in 602 districts and 12 central institutions;
- Setting up of a national institution for One Health, a Regional Research Platform for WHO South East Asia Region, 9 Bio-Safety Level III laboratories and 4 regional National Institutes for Virology
- To strengthen nutritional content, delivery, outreach, and outcome, we will merge the Supplementary Nutrition Programme and the Poshan Abhiyan and launch the Mission Poshan 2.0
- The Jal Jeevan Mission (Urban), will be launched with aims at universal water supply in all 4,378 Urban Local Bodies with 2.86 crores household tap connections, as well as liquid waste management in 500 AMRUT cities
- The Urban Swachh Bharat Mission 2.0 will be implemented to focus on complete faecal sludge management and waste water treatment, source segregation of garbage, reduction in single-use plastic, reduction in air pollution by effectively managing waste from construction-and-demolition activities and bio-remediation of all legacy dump sites
- a voluntary vehicle scrapping policy, to phase out old and unfit vehicles thereby reducing vehicular pollution and oil import bill.
- Vehicles would undergo fitness tests in automated fitness centres after 20 years in case of personal vehicles, and after 15 years in case of commercial vehicle

### IIINFRASTRUCTURE

- AtmaNirbhar Bharat packages (ANB 2.0 and ANB 3.0) rolled out to sustain the pace of structural reforms
- A "National Monetization Pipeline" of potential brownfield infrastructure assets will be launched for Monetizing operating public infrastructure assets
- Another 8,500 kms length road and an additional 11,000 kms of national highway corridors will be awarded under Bharatmala Pariyojana project

- It is expected that Western Dedicated Freight Corridor (DFC) and Eastern DFC will be commissioned by June 2022 to strengthen railway infrastructure
- Aesthetically designed Vista Dome LHB coach will be introduced on tourist routes to give a better travel experience to passengers.
- Raising the share of public transport in urban areas through expansion of metro rail network and augmentation of city bus service
- Two new technologies i.e., 'MetroLite' and 'MetroNeo' will be deployed to provide metro rail systems at much lesser cost with same experience, convenience and safety in Tier-2 cities and peripheral areas of Tier-1 cities
- India has enacted Recycling of Ships Act, 2019 and acceded to the Hong Kong International Convention. Recycling capacity of around 4.5 Million Light Displacement Tonne (LDT) will be doubled by 2024
- Ujjwala Scheme which has benefited 8 crores households will be extended to cover 1 crores more beneficiaries.
- An independent Gas Transport System Operator will be set up for facilitation and coordination of booking of common carrier capacity in all-natural gas pipelines on a non-discriminatory open access basis
- A gas pipeline project will be taken up in Union Territory of Jammu & Kashmir.

## **INDUSTRIAL DEVELOPMENT**

- Mega Investment Textiles Parks (MITRA) will be launched to enable the textile industry to become globally competitive, attract large investments and boost employment generation
- A single Securities Markets Code to be evolved
- Support for development of a world class Fin-Tech hub at the GIFT-IFSC
- To help manufacturing companies become an integral part of global supply chains, possess core competence and cutting-edge technology
- To instill confidence amongst the participants in the Corporate Bond Market, a permanent institutional framework will be created that would purchase investment grade debt securities both in stressed and normal times and help in the development of the Bond market
- Government had announced its intent to establish a system of regulated gold exchanges in the country.
- Towards investor protection, investor charter will be introduced as a right of all financial investors across all financial products.
- Increase in FDI limit from 49% to 74% in Insurance Companies is proposed allow foreign ownership and control with safeguards
- An Asset Reconstruction Company Limited and Asset Management Company would be set up to consolidate and take over the existing stressed debt and then manage and dispose of the assets to Alternate Investment Funds and other potential investors for eventual value realization

- To benefit Start-ups and Innovators, it is proposed incentivize the incorporation of One Person Companies (OPCs) by allowing OPCs to grow without any restrictions on paid up capital and turnover
- Definition of Small Companies has been amended under the Companies Act, 2013 by increasing their thresholds for Paid up capital and turnover
- Launch of data analytics, artificial intelligence, machine learning driven MCA21 Version 3.0 in 2021-22
- Rationalisation of customs duty structure by eliminating outdated exemptions
- Support to MSMEs hit by recent sharp rise in iron and steel prices and relief to metal recyclers
- Rationalisation of duties on raw material inputs to man made textiles
- To further streamline the 'Ease of Doing Business' for Cooperatives, a separate Administrative Structure for them is proposed to be set up
- Treasury Single Account System will be extended for universal application from 2021-22.

## **YOUTH**

- Proposed amendment to Apprenticeship Act to enhance opportunities for youth
- Rs. 3000 crore for realignment of existing National Apprenticeship Training Scheme (NATS) towards post-education apprenticeship, training of graduates and diploma holders in Engineering
- Initiatives for partnership with other countries in skilling to be taken forward
- For accessible higher education in Ladakh, it is proposed to set up a Central University in Leh.
- Post Matric Scholarship Scheme has been revamped for the welfare of Scheduled Castes

## **AGRICULTURE**

- Ensured MSP at minimum 1.5 times the cost of production across all commodities
- SWAMITVA Scheme to be extended to all States/UTs, 1.80 lakh property owners in 1,241 villages have already been provided cards
- Agricultural credit target enhanced to Rs. 16.5 lakh crore in FY22 - animal husbandry, dairy, and fisheries to be the focus areas
- Rural Infrastructure Development Fund to be enhanced
- 'Operation Green Scheme' to be extended to 22 perishable products, to boost value addition in agriculture and allied products
- Around 1.68 crore farmers registered and Rs. 1.14 lakh crore of trade value carried out through e-NAMs; 1,000 more mandis to be integrated with e-NAM to bring transparency and competitiveness.
- APMCs to get access to the Agriculture Infrastructure Funds for augmenting infrastructure facilities

## **MISCELLANEOUS**

- Undertake a new initiative – National Language Translation Mission (NTLM). This will enable the wealth of governance-and-policy related knowledge on the Internet being made available in major Indian languages.
- Launched the One Nation One Ration Card scheme through which beneficiaries can claim their rations anywhere in the country.
- A portal will be launched that collect relevant information on gig, building, and construction-workers among others for formulating Health, Housing, Skill, Insurance, Credit, and food schemes for migrant workers.
- For the first time globally, social security benefits will extend to gig and platform workers
- Minimum wages will apply to all categories of workers, and they will all be covered by the Employees State Insurance Corporation

## **WE MAY BE CONTACTED AT**

### **PASCHIM VIHAR, NEW DELHI**

A-2/132, Prateek Apartments, Paschim Vihar,  
New Delhi – 110 063  
Tel: + 91 11 25278405 | + 91 11 25278406 | + 91 11 45581264  
+ 91 11 45733511 | + 91 11 45733512  
Email: pvoffice@lunawat.com

### **DARYAGANJ, NEW DELHI**

54, Daryaganj, New Delhi – 110 002  
Tel: +91 11 23270624 | + 91 11 23279414  
Email: dgoffice@lunawat.com

### **KARAMPURA, NEW DELHI**

109, Magnum House-1, Karampura Complex, New Delhi-110 015  
Tel: + 91 11 25920301 | + 91 11 25920303  
Email: karampura@lunawat.com

### **KESHOPUR, NEW DELHI**

WZ-339, 2nd Floor, Street No. 19, Santgarh, Keshopur, Outer Ring Road,  
New Delhi - 110 018  
Tel: +91 11 28333914 | Fax: + 91 11 28331602  
Email: keshopur@lunawat.com

### **MUMBAI**

No. J/ 7, First Floor, Mangal Kunj, Opp. Jain Derasar  
Jambali Gali, Borivali (W), Mumbai - 400 092  
Tel: + 91 93205 71421, + 91 98692 85628  
Email: mumbai@lunawat.com

## **WE ALSO HAVE ASSOCIATES AT**

Amritsar, Ahmedabad, Bangalore, Chennai, Hyderabad, Kolkata  
Cochin, Jaipur, Jodhpur, Indore, Chandigarh, Panipat  
Jalandhar, Allahabad, Lucknow, Pune, Bharatpur, Ranchi  
Ludhiana, Ambala, Lucknow, Agra  
Baroda and Ghaziabad.

# **UNION BUDGET 2021**

*Lunawat & Co.*