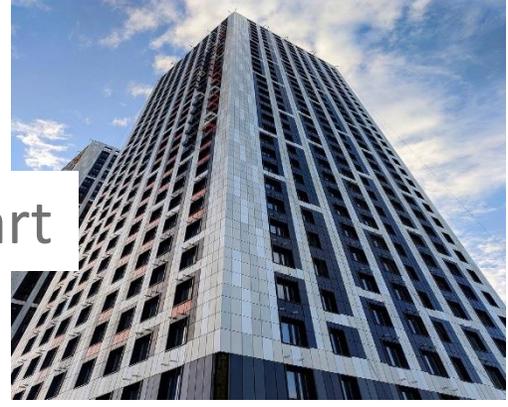




# UNION BUDGET 2021



Reset | Refocus | Restart



# FOREWORD

## MAKING A POWER POINT – BY SPEAKING LESS AND DOING MORE

The Post Covid world will bring in a lot of changes and one of the first that we got to see was the Finance Minister, Smt. Nirmala Sitharaman providing a budget that was unlike any of her previous budgets. This shows a remarkably steep learning curve for her and also indicates that she has been extremely receptive to feedback.

Right from the specifics of the policies announced, to the speech, to the way it was delivered, all point to a shift in overall thought process of the Minister and perhaps also of the Government. After having delivered the longest Budget Speech ever in 2020, the Finance Minister avoided eloquent poetry and kept a strict timeline on her budget speech. She gave up the 'bahi khata' draped in red cloth for a digital tablet to read the speech from and went into numerous details and numbers on how the policies' have impacted the populace.

Following her thought process from her maiden budget, where she greatly increased the marginal rates of taxes on individuals to help bridge the revenue shortfall, it was widely anticipated that she would levy a 'Covid-cess' in order to cover for the expenditure of the government in its fight against the Novel Corona Virus. However, she has provided tremendous policy stability by not changing any direct taxes and not further burdening the taxpayers.

The Indirect taxes have seen some changes, at the level of tax rates levied and also at the administrative ease to be provided.

The Government has chosen to focus on targeted and high impact capital expenditures which shall improve long term prospect of the country. Part of this funding will be received through a divestment program that should hopefully be finally put into action.

The budget focused on Six Pillars for setting a base for building a stronger economy : health and well-being, physical and financial capital and infrastructure, inclusive development for aspirational India, reinvigorating human capital, innovation and R&D, minimum government - maximum governance.

Before this, the FM had provided budgets to support the economy while the economy was battling its own internal cyclical slowdown – despite her best efforts, the outcome of those budgets didn't work at achieving all that she wished for. Oddly, with a global pandemic induced contraction of the GDP, the FM seems to have hit the right notes and balanced the budget with the right expenditures, investments and providing structural changes to bring ease of doing business and reducing taxpayer compliance load.

As FM mentioned in her opening remarks, we certainly hope that this is truly the 'dawn of a new era'.



CA Dinesh D. Ghalla



CA Haresh K. Chheda

# TABLE OF CONTENTS

Economic Overview

4

Key Highlights

6

Direct Tax Proposals

9

Corporate Law Matters

44

Indirect Tax Proposals

47

Glossary

55



All the amendments mentioned below are proposed in the Finance Bill, 2021 and will take effect from AY 2022-23 unless otherwise specifically stated, subject to passing by both the houses of the Parliament and assent by the President.

This document summarizes the Union Budget 2021-22 and the recent policy changes. It has been prepared for the privileged use of our clients. We recommend you to seek professional advice before taking action on specific issues.

Increased Target for Credit to Farmers | Enhanced Allocation to Micro Irrigation Fund and RIDF | Development of 5 Major Fishing harbors | E-National Agriculture Market



# ECONOMIC OVERVIEW

# ECONOMIC OVERVIEW

## V FOR VACCINE, VICTORY AND A V-SHAPED RECOVERY

As the Indian Economic Downturn continues to recuperate from the shock of the Global Pandemic, the Economic Survey 2021 pointed out that the measures taken by the Government were clearly focused on “minimizing losses in a worst-case scenario”.

With one eye on short term responses and one eye on long term requirements of the Indian Economy, 2020 presented the most daunting challenge economically.

The direction of the efforts put in by the Government for the “V-Shaped Recovery” were dual pronged. On one hand were the structural reforms for the supply side and on the other were carefully calibrated fiscal and monetary support for the demand side. This also includes the various policies and initiatives like Atmanirbhar 2.0 and 3.0.

Diligent policies by way of debt moratoria and liquidity support, India has emphatically begun to shed the restraints in term of all its resources, be it physical, capital or man-power. The ‘Post-COVID-19’ period is hopefully round the corner with the world’s largest Vaccination drive underway.

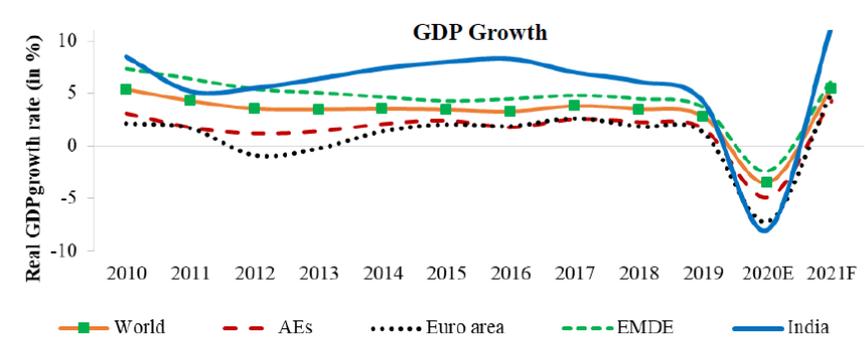
After a massive contraction of GDP by 7.7% in 2020-21. The Real GDP is expected to grow an estimated 11% in 2021-22. To put it in context, our real GDP would be 2.4% greater in 2021-22 compared to 2019-20.

The headline Consumer Price Index (CPI) inflation had risen to a high

of 9.1% due to COVID-19 induced constraints on the supply side. The prime component was the food inflation. The balancing act for 2021-22 shall shift to tuning policies for a ‘Growth vs Inflation’ environment after the ‘Lives vs Livelihoods’ debate of 2020-21.

The harsh dent in Services Purchasing Managers’ Index (PMI) was caused by the national lockdown where this index fell to an all-time low of 5.4 but recovered substantially to a level of 52.3 as the mobility restrictions were lifted. The PMI Manufacturing was also hit severely due to the lockdown but it improved as the economic unlock commenced. Weak domestic demand has resulted in an estimated Current Account Surplus of 3.% of GDP in the first half of 2020-21.

While this cushioned the FPI outflows in the last quarter of 2019-20 Rupee had depreciated to its lowest level of 76.86 for 1 USD in Q1 of FY 2020-21 which subsequently appreciated owing to the heavy inflows of FPI of around USD 9.8 billion in domestic equity market.





Increase in FDI limit in the insurance sector (74%) |  
Development of world class Fin-Tech hub at IFSC |  
Boosting the start-up Ecosystem | Continuous focus on  
Affordable Housing

Bank  
SEBI  
AIF REITs  
NBFC  
ARC  
InvTs SAREAFESI



# KEY HIGHLIGHTS

# KEY HIGHLIGHTS

## DIRECT TAX PROPOSALS

- No changes in the Income Tax Rates
- The turnover threshold for tax audit has been enhanced from INR 5 Crores to INR 10 Crores if the total cash receipts and payments do not exceed 5%.
- Time limit for approval of affordable housing project, eligible for deduction u/s 80IBA, has been extended to 31.03.2022.
- Time limit for sanction of affordable housing loan to claim additional deduction up to INR 1.5 Lakhs for interest paid on such loans extended till 31.03.2022.
- Notional tax on value of property as per stamp duty laws chargeable under the head business income and income from other sources will not be triggered if the difference is not more than 20% (earlier 10%) of sale consideration for transfer by way of first time allotment of residential unit.
- Advance Tax liability on dividend income shall arise only after declaration or payment of dividend.
- Late deposit of employee's contribution to specified funds by employer shall not be allowed as deduction to the employer.
- Time limit for re-opening of Assessment proposed to be reduced from 6 years to 3 years. Only where evidence of concealment of Income is of INR 50 Lakhs or more, re-opening of assessment can be made upto 10 years, with the approval of Principal Chief Commissioner of Income Tax.
- Time limit for filing belated or revised return is reduced and the same has to be now filed 3 months prior to the last day of the relevant assessment year or before completion of assessment, whichever is earlier.
- Goodwill of a business or profession will not be considered as a depreciable asset.
- Deemed Capital Gains Tax applicable on Firm / AOP / BOI on receipt of asset / money by its partner / member on dissolution / reconstitution at
  - FMV of such asset
  - Money received in excess of capital balance excluding revaluation, if any.
- Details of Capital Gains from listed securities, Dividend Income and Interest income will be pre-filled in the Income Tax Returns.
- Due date for filing of return of income for a partner of the firm which is subject to Transfer Pricing Audit will be 30<sup>th</sup> November of the relevant AY.
- Threshold for relief to approved Charitable trusts operating Hospitals and Educational Institutions is increased from INR 1 Crore to INR 5 Crores.
- TDS will not be required in case of dividend income earned by a Business Trust (REIT, InvIT etc.).
- Lower treaty rate shall be applied for deducting tax on payments made to FII if they furnish Tax Residency Certificate.
- Resident Senior Citizens aged 75 years and above, earning only pension and interest income from the same specified bank need not file Income Tax Return. The paying bank would compute and deduct necessary tax on their total income.

# KEY HIGHLIGHTS

- Income Tax Appellate Tribunal will become Faceless. Any hearing, if required, will be through video conferencing.
- Proposal to set up a Faceless Dispute Resolution Committee for assessees having Total Income upto INR 50 Lakhs and disputed income upto INR 10 Lakhs.

## COMPANY LAW PROPOSALS

- The threshold limit of Small Companies is now changed as follows:
  - Paid Up Share capital limit has been increased from INR 50 Lakhs to INR 2 Crores and
  - Turnover limit has been increased from INR 2 Crores to INR 20 Crores.
- Provisions relating to One Person Companies
  - The One Person Companies are allowed to grow without any restrictions on turnover and paid up share capital and allowing their conversion at any time.
  - The residency limit for an Indian citizen to set up an OPC shall be 120 days instead of 182 days
  - NRIs shall also be allowed to incorporate a One Person Company In India.
- To ensure faster resolution NCLT and e-courts system shall be strengthened and implemented.
- The decriminalization of offences under LLP Act, 2008 shall be taken up.

## GST PROPOSALS

- With effect from a date to be notified, the mandatory requirement of audit of accounts and reconciliation statement by Chartered Accountant / Cost Accountant is proposed to be removed.
- In case of zero rated supply of goods, it is proposed, with effect from a date to be notified, that the registered person be liable to deposit the refund received along with interest if the sale proceeds are not realised within the time limit specified under FEMA, 1999.
- The option to make zero rated supply on payment of tax and claiming refund is proposed to be restricted to a notified class of persons or goods or services with effect from a date to be notified.

## MISCELLANEOUS PROPOSALS

- It is proposed to increase the permissible FDI in insurance companies from 49% to 74% provided :
  - majority of directors and key management persons are resident Indians and atleast 50% of directors are independent directors and
  - specified % of profits is retained as general reserve

100 new Sainik Schools to be set up | Budgeted outlay of INR 1.97 Lakh Crores for PLI scheme | Proposed expansion of Metro Rail network | Launching PDSS with an outlay of INR 3,05,984 Crores over 5 years



# DIRECT TAX PROPOSALS

Rate Charts	10
TDS Provisions	23
Personal Taxation	25
Business Provisions	28
Capital Gains	32
Assessment Provisions	35
Charitable Trust	39
Other Provisions	41



# RATE CHARTS – INDIVIDUALS / HUF / AOP / BOI (NO CHANGE)

An individual/ HUF shall **have an option** to opt for either of the two tax regimes described below:

## I. Tax Rates in Old Regime

Tax Rates for Individuals, HUF, AOP and BOI				
Status →	Individual, HUF, AOP and BOI	Senior Citizen (60 years & Above)	Very Senior Citizen (80 years & above)	Notes
Net Taxable Income (INR)				<ul style="list-style-type: none"> <li>▪ Surcharge @ 10.0% if income exceeds INR 50 Lakhs but not exceeding INR 1 Crore.</li> <li>▪ Surcharge @ 15.0% if income exceeds INR 1 Crore but not exceeding INR 2 Crores.</li> <li>▪ Surcharge @ 25.0% if income exceeds INR 2 Crores but not exceeding INR 5 Crores.</li> <li>▪ Surcharge @ 37.0% if income exceeds INR 5 Crores.</li> <li>▪ Health and Education Cess @ 4.0% of Tax + Surcharge.</li> <li>▪ Maximum rebate of INR 12,500 available to resident individuals with total income up to INR 5,00,000.</li> </ul>
Upto – 2,50,000	NIL	NIL	NIL	
2,50,001 – 3,00,000	5.00%	NIL	NIL	
3,00,001 – 5,00,000	5.00%	5.00%	NIL	
5,00,001 – 10,00,000	20.00%	20.00%	20.00%	
Above 10,00,000	30.00%	30.00%	30.00%	

- In case of short term capital gains u/s 111A, long term capital gains u/s 112A and dividend, the rate of surcharge shall be restricted to 15.0%, even if total income exceeds INR 2 Crores.
- AOP/BOI shall continue to be taxed under above existing regime only.

# RATE CHARTS – INDIVIDUALS / HUF / AOP / BOI (NO CHANGE)

## II. Tax Rates u/s 115 BAC in New Regime

Tax Rates for Individuals, HUF		
Status →	Individual, HUF	Notes
Net Taxable Income (INR)		<ul style="list-style-type: none"> <li>▪ Surcharge @ 10.0% if income exceeds INR 50 Lakhs but not exceeding INR 1 Crore.</li> <li>▪ Surcharge @ 15.0% if income exceeds INR 1 Crore but not exceeding INR 2 Crores.</li> <li>▪ Surcharge @ 25.0% if income exceeds INR 2 Crores but not exceeding INR 5 Crores.</li> <li>▪ Surcharge @ 37.0% if income exceeds INR 5 Crores.</li> <li>▪ Health and Education Cess @ 4.0% of Tax + Surcharge.</li> <li>▪ Maximum rebate of INR 12,500 available to resident individuals with total income up to INR 5,00,000.</li> <li>▪ Refer Note 1</li> </ul>
Up to 2,50,000	NIL	
2,50,001 – 5,00,000	5.00%	
5,00,001 – 7,50,000	10.00%	
7,50,001 – 10,00,000	15.00%	
10,00,001 – 12,50,000	20.00%	
12,50,001 – 15,00,000	25.00%	
Above 15,00,00	30.00%	

### Note 1:

- In case of short term capital gains u/s 111A, long term capital gains u/s 112A and dividend, the rate of surcharge shall be restricted to 15.0%, even if total income exceeds INR 2 Crores. The option u/s 115BAC can be opted every year in case of Individual/HUF not having business income. In other case, once such option is exercised it can be withdrawn only once in subsequent year unless such Individual/HUF ceases to have Business Income.
- AMT will not be applicable if one opts for Section 115BAC.
- In order to opt for new regime, individual/ HUF shall have to opt for the same and file the return of income within the due date prescribed u/s 139(1).

# RATE CHARTS – INDIVIDUALS / HUF / AOP / BOI (No CHANGE)

- The individual/HUF will not be able to set-off any loss carried forward or depreciation attributable to exemptions/deductions mentioned in Note 2 below. [Though set-off of loss of earlier years on account of unabsorbed depreciation is not allowed, corresponding adjustment in WDV of such block of assets is allowed].

## Note 2:

In case one opts to pay tax under the new tax regime, the following exemptions and deductions cannot be claimed:

- Leave travel concession u/s 10(5)- applicable for persons in employment
- House rent allowance u/s 10(13A) - applicable for persons in employment
- Allowances u/s 10(14) - applicable for persons in employment **other than:**
  - Transport allowance to divyang employee commuting between residence and office
  - Conveyance allowance to meet expenses during conveyance on duty
  - Any allowance to meet cost of travel on tour or transfer
  - Daily allowance on account of absence from normal

place of duty

- Standard deduction (INR 50,000), deduction for entertainment allowance and profession tax u/s 16 against salary income
- Allowances to MPs/MLAs u/s 10(17)
- Allowance for income of minor u/s 10(32)
- Exemption for SEZ units u/s 10AA
- Interest on loan taken for self-occupied or vacant property u/s 24
- Additional depreciation u/s 32(1)(iia)
- Donations or expenditure on scientific research u/s 35(1)(ii), 35(1)(iia), 35(1)(iii), 35(2AA)
- Deductions u/s 32AD, 33AB, 33ABA, 35AD, 35CCC applicable to business income
- Family pension u/s 57(iia)
- Any deduction under Chapter VIA like life insurance premium, PPF, ELSS, repayment of housing loan, mediclaim, donations, deductions in respect of profits

# RATE CHARTS – FIRMS / LLPs / DOMESTIC COMPANIES (NO CHANGE)

Tax Rates for Firms (including LLPs)					
Particulars	Basic Tax	Surcharge	Cess	Total	Notes
Income upto INR 1 Crore	30.00%	-	4.00%	31.20%	Health and Education Cess @ 4.0% of Tax + Surcharge
Income exceeding INR 1 Crore	30.00%	12.00%	4.00%	34.94%	

Tax Rates for Domestic Companies			
Particulars	Company opting for Sec 115BAA	Company opting for Sec 115BAB	Other Company
Business of the Company	Any Business	Manufacturing/Production	Any Business
Eligibility Criteria	No specific requirement	Set up and registered on or after 1 October, 2019 (manufacturing / production to commence by 31 March, 2023) (Also refer note 6) It is now proposed to include companies engaged in generation of electricity.	No specific requirement
Basic Tax Rate	22%	15%	25%/30% (refer note 1)
Surcharge	10%	10%	0%/7%/12% (refer note 2)
Cess	4%	4%	4%
Effective Tax Rate	25.168%	17.16%	26% to 34.94%
Minimum Alternate Tax	Not applicable	Not applicable	Basic Rate =15% of Book profits. Plus applicable surcharge and cess
Other Conditions	Prescribed exemptions /deductions are not allowed (refer Note 7)		N.A.

\* Section 115BA which applies to certain domestic manufacturing company is redundant, hence not analyzed herein

# RATE CHARTS – DOMESTIC COMPANIES (NO CHANGE)

## Notes:

1. Basic rate of Tax is 25% if turnover in FY 2019-20 is not more than INR 400 Crores.
2. Surcharge Rates for Other Company

Total Income	Applicable Surcharge
Upto INR 1 Crore	0%
INR 1 Crore < Total Income ≤ INR 10 Crores	7%
More than INR 10 Crores	12%

3. The option of Section 115BAA can be exercised in any year but before the due date specified u/s 139(1) for filing return of income for that year.
4. The option of section 115BAB needs to be exercised before the due date specified u/s 139(1) for filing 1st Return of Income of the Company.
5. The option u/s 115BAB, once exercised, cannot be withdrawn subsequently. However, if the company fails to satisfy the conditions of Section 115BAB it can opt for Section 115BAA. However, in the year of violation it may be doubtful to opt for such option, since the option u/s 115BAA is to be exercised on/before the due date specified u/s 139(1) for filing return of income for respective year.
6. Companies formed by restructuring or splitting up of existing business

or using old plant & machinery more than 20% of total plant and machinery or using building used previously as hotel or convention centre are not eligible for opting for u/s 115BAB.

7. Prescribed exemptions/deductions includes:
  - Section 10AA : Units in Special Economic Zone
  - Section 32(1)(iia) : Additional depreciation allowance
  - Section 32AD : Deduction for investment in new plant and machinery in notified backward States.
  - Section 33AB : Tea/ coffee/ rubber development allowance
  - Section 33ABA : Site restoration fund.
  - Section 35(1)(ii), (iia), (iii) and 35(2AA), (2AB) : certain scientific research expenditure.
  - Section 35AD : Deduction in respect of expenditure on specified business (e.g Cold Storage, cross country gas line etc)
  - Section 35CCC : Expenditure on agricultural extension project.
  - Section 35CCD : Expenditure on skill development project.
  - All the deductions under Chapter VIA **except** section 80JJAA (deduction in respect of new employees) and section 80M (receipt of dividend).
8. Set-off of any loss carried forward from earlier years to the extent that such loss is attributable to any of the deduction mentioned above. Though set off of loss on account of unabsorbed depreciation is not allowed, corresponding adjustment in WDV of such block of assets shall be allowed.

# RATE CHARTS – FOREIGN COMPANIES (NO CHANGE)

## Tax Rates for Foreign Companies

Particulars	Tax	Surcharge	Cess	Total	Notes:
Income upto INR 1 Crore	40.00%	-	4.00%	41.60%	Health and Education Cess @ 4.0% of Tax + Surcharge
Income exceeding INR 1 Crore but not exceeding than INR 10 Crores	40.00%	2.00%	4.00%	42.43%	
Income exceeding INR 10 Crores	40.00%	5.00%	4.00%	43.68%	



# RATE CHARTS – CO-OPERATIVE SOCIETY (NO CHANGE)

Tax Rates for Co-Operative Societies					
Particulars	Tax	Surcharge	Cess	Total	Notes
Income upto INR 10,000	10.00%	-	4.00%	10.40%	<ul style="list-style-type: none"> <li>▪ Health and Education Cess @ 4.0% of Tax + Surcharge</li> <li>▪ Co-operative societies can opt for concessional rate of tax u/s 115BAD. (Refer Note Below)</li> </ul>
Income exceeding INR 10,000 but not exceeding INR 20,000	20.00%	-	4.00%	20.80%	
Income exceeding INR 20,000	30.00%	-	4.00%	31.20%	
Income exceeding INR 1 Crore	30.00%	12.00%	4.00%	34.944%	

## Concessional rate of tax for Co-operative society u/s 115BAD

- In line with provisions related to domestic companies, co-operative society, resident in India, shall have the option to pay tax at effective rate of @ 25.17% (inclusive of surcharge and cess), subject to fulfilment of following conditions:
  - No deduction to be claimed in respect of:
    - ❖ Section 10AA : Units in Special Economic Zone
    - ❖ Section 32(1)(iia) : Additional depreciation allowance
    - ❖ Section 32AD : Deduction for investment in new plant and machinery in notified backward States.
    - ❖ Section 33AB : Tea/ coffee/ rubber development allowance
    - ❖ Section 33ABA : Site restoration fund.
    - ❖ Section 35(1)(ii), (iia), (iii) and 35(2AA): certain scientific research expenditure.
  - Section 35AD: Deduction in respect of expenditure on specified business (e.g. Cold Storage, cross country gas line etc)
  - Section 35CCC: Expenditure on agricultural extension project.
  - All the deductions under Chapter VIA **except** section 80JJAA (deduction in respect of new employees) and section 80LA (income from IFSC Unit).
  - Set-off of any loss carried forward from an earlier year to the extent that such loss is attributable to any of the deduction mentioned above shall not be allowed. Though set off of loss on account of unabsorbed depreciation is not allowed, corresponding adjustment in WDV of such block of assets shall be allowed.
- AMT will not be applicable if one opts for Section 115BAD.
- Rest of the provisions are in line with the condition applicable to companies as per section 115BAA.

# RATE CHARTS – TAX DEDUCTED AT SOURCE (TDS)

Rates of Tax Deduction at Source					
Section	Nature of Payments made to Resident	Threshold Limits (INR)	Payee		Notes
			Company, Partnership Firm / LLP / Co-op Society / Local Authority	Individual, HUF, AOP & BOI	
		Rates	Rates	Rates	
192	Salary	N.A.	N.A.	Refer Note 15	N.A.
192A	Payment of accumulated balance due to an employee by RPF	50,000	N.A.	10.0%	1
193	Interest on Securities	2,500	10.0%	10.0%	2
194	Dividends	5,000 (only for Individuals)	10.0%	10.0%	N.A.
194-A	Other Interest	5,000	10.0%	10.0%	3 & 4
194-B	Winning from Lotteries	10,000	30.0%	30.0%	N.A.
194-BB	Winnings from Horse races	10,000	30.0%	30.0%	N.A.
194-C	Payment to Contractors / Sub-Contractors	Single Transaction = 30,000 Aggregate = 1,00,000	2.0%	1.0% / 2.0%	3 & 5
194-D	Insurance Commission	15,000	5.0%	5.0%	N.A.
194-DA	Payment in respect of Life Insurance Policy (other than amount in section 10(10D))	1,00,000	5.0%	5.0%	6

# RATE CHARTS – TAX DEDUCTED AT SOURCE (TDS)

Rates of Tax Deduction at Source					
Section	Nature of Payments made to Resident	Threshold Limits (INR)	Payee		Notes
			Company, Partnership Firm / LLP / Co-op Society / Local Authority	Individual, HUF, AOP & BOI	
		Rates	Rates	Rates	
194-E	Income arising to a Non-Citizen, Non-Resident Entertainer or Sportsmen	NIL	N.A	20.0%	N.A.
194-EE	Payment in respect of deposits under NSS	2,500	10.0%	10.0%	N.A
194-G	Commission etc. on the sale of lottery tickets	15,000	5.0%	5.0%	N.A.
194-H	Commission/Brokerage	15,000	5.0%	5.0%	3
194-I	Rent of machinery, plant or equipment	2,40,000	2.0%	2.0%	3
194-I	Rent of land, building, or Furniture	2,40,000	10.0%	10.0%	3
194-IA	Payment on transfer of certain immovable property other than agricultural land	50,00,000	1.0%	1.0%	N.A.
194-IB	Payment of Rent by Individuals/HUF (other than covered by Section 44AB)	50,000 p.m.	N.A.	5.0%	No TAN required
194- IC	Payment under Specified Agreement for Joint Development	NIL	N.A.	10.0%	N.A.
194-J	Professional Fees	30,000	10.0% / 2.0%	10.0% / 2.0%	3,7 & 8

# RATE CHARTS – TAX DEDUCTED AT SOURCE (TDS)

Rates of Tax Deduction at Source					
Section	Nature of Payments made to Resident	Threshold Limits (INR)	Payee		Notes
			Company, Partnership Firm / LLP / Co-op Society / Local Authority	Individual, HUF, AOP & BOI	
		Rates	Rates	Rates	
194-K	Payment to resident for income in respect of units of Mutual fund or Administrator of Specified Undertaking or Specified Company	5,000	10.0%	10.0%	9
194-LA	Compensation or Consideration for Compulsory Acquisition of Immovable Property (other than agricultural land)	2,50,000	1.0%	1.0%	10
194-LBA	Incomes form units of Business Trust.	NIL	5.0% / 10.0%	5.0% / 10.0%	11
194-LC	Interest Income paid to Non-Residents by Specified Companies or Business Trust	NIL	5.0% / 4.0%	5.0% / 4.0%	12
194-LD	Interest income paid to Non-Residents by certain Bonds and Government Securities.	NIL	5.0%	5.0%	13
194-M	Payment for contract /professional services by individual/ HUF. (other than those covered under 194C and 194J).	50,00,000	5.0%	5.0%	No TAN Required
194-N	Cash Withdrawn from bank, co-operative bank and post office.	1,00,00,000	2%	2%	14
194-O	Payment made by E-commerce operator to E-commerce Participant.	NIL	1%	1%	N.A.

# RATE CHARTS – TAX DEDUCTED AT SOURCE (TDS)

Rates of Tax Deduction at Source					
Section	Nature of Payments made to Resident	Threshold Limits (INR)	Payee		Notes
			Company, Partnership Firm / LLP / Co-op Society / Local Authority	Individual, HUF, AOP & BOI	
		Rates	Rates	Rates	
194P	TDS by specified bank to specified senior citizen	N.A.	N.A.	Refer Note 15	N.A.
194Q	Purchase of goods	50,00,000	N.A.	0.1%	Refer Separate section on TDS on Purchase of Goods

# RATE CHARTS – TAX DEDUCTED AT SOURCE (TDS)

## Notes:

1. TDS provisions u/s 192A applies when withdrawal of accumulated balance in RPF is to be included in the total income.
2. Threshold limit for interest paid on debentures is INR 5,000. Threshold limit for interest on 7.75% GOI Savings (Taxable) Bonds, 2018 is INR 10,000.
3. The provisions of following TDS / TCS Sections, which were linked to applicability of Tax Audit provisions, shall now apply if the Gross Receipts / Turnover is INR 1 Crore or more for Business and INR 50 Lakhs or more for Profession:
  - Section 194A, 194C, 194H, 194I, 194J and
  - Section 206C

Thus, irrespective of applicability of Tax Audit provisions, TDS / TCS provisions, as mentioned above, shall apply.
4. The threshold limit for TDS on interest income for Senior Citizens is INR 50,000 and in any other cases 40,000.
5. TDS is to be deducted @ 2.0% if the payee is an AOP or BOI. No TDS is applicable on payment to Contractor during the course of plying, hiring or leasing of goods carriages, where such contractor owns 10 or less goods carriages during the FY and furnishes amend definition of “work” to include purchase of raw material from associate of the customer. The word Associate shall have the same relations as stated u/s 40A(2)(b).
6. Applicable only where amount is not exempt u/s 10(10D). Form 15G/15H can be given wherever applicable.
7.
  - a. Rate of TDS is 2% instead of 10% if the payee is engaged only in the business of operation of call centre.
  - b. TDS on Remuneration to Director which is not in the nature of Salary to be deducted @ 10%.
8. TDS under section 194J for payment of fees for technical services (except professional services) is to be deducted @ 2% & for professional services is to be deducted @ 10%.
9. Units of Mutual Fund have been specified under section 10(23D) of Income Tax Act, 1961. “Administrator”, “specified company” and “specified undertaking” are specified u/s 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.
10. No tax will be deducted if payment is made in respect of any award or agreement which has been exempted from levy of income-tax u/s 96 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.
11. Interest payment from a SPV and Distribution of dividend by a Business Trust, to Resident unit holders shall be liable for TDS @ 10%. Whereas, in case of Non-Resident payee, TDS on dividend shall be @ 10% & that on interest payment shall be @ 5%.

# RATE CHARTS – TAX DEDUCTED AT SOURCE (TDS)

## Notes:

12. The period of concessional rate of TDS of 5 % has been extended till 1st July 2023 from existing 1st July 2020. The rate of TDS has been reduced to 4% in case of interest payable to a Non-Resident on borrowings in foreign currency from a source outside India, by way of issue of any long term bond or Rupee Denominated Bonds on or after 1st April, 2020 but before 1st July, 2023 and which is listed only on a recognised stock exchange located in any IFSC.
13. In case of FPI and QFI, the lower TDS rate of 5% has been extended to 1st July, 2023. The said concessional TDS rate shall also be applied to FII and QFI in respect of investment made in Municipal Bonds.
14. The threshold limit of INR 1 Crore is for aggregate cash withdrawn from an account during the FY.
15. At the rates applicable to particular slab of income including applicable Surcharge and Health & Education Cess.
16. In case payee does not furnish PAN then TDS shall be deducted at higher of the following rates
  - Rates specified in relevant provisions of the Act or
  - Rates in force or
  - 20%

In case of payment by E-Commerce Operator to E-Commerce Participant, 5% TDS shall apply instead of 20%.

17. In case of non-filers having aggregate TDS / TCS of INR 50,000 or more and who have not filed their ITR in both of the 2 years immediately preceding the financial year (and time limit for filing the original return has expired), then the rate of TDS shall be higher of the following

- Twice the rates specified or
- Rates in force or
- 5%

In case the payee does not furnish PAN and TDS rate for not furnishing PAN are higher than the above mentioned rates, then such higher rate shall be applicable.

These provisions will not be applicable for the following payments:

- Salary
- Accumulated Balance due to employee
- Winnings from lottery, crossword puzzle or horse race
- Income paid in respect of investment in securitization trust
- TDS by banks on cash withdrawals

(Effective from 01.07.2021)

**TDS on Purchase of Goods**

- Presently, tax is collectible (TCS) by seller from buyer on goods exceeding INR 50 Lakhs by a specified seller.
- It is now proposed to further provide for TDS on goods purchased from any resident, being seller, in following case:

Nature of payment made to resident	Person Responsible to deduct tax	Rate of TDS (PAN is Provided)	Rate of TDS (PAN is Not Provided)	Exceptions
Purchase of goods (value or aggregate of value of goods purchased > INR 50 Lakhs during the FY)	Person being buyer whose total sales, gross receipts or turnover from the business carried on by him > INR 10 Crores during the FY immediately preceding the FY in which goods were purchased	0.1%	5%	<ul style="list-style-type: none"> <li>Tax is deductible under any other provision of the Act</li> <li>Transaction on which tax is collectible under the provisions of the Act other than sale of goods.</li> </ul>

**Note:**

- Notified category of persons will be exempt from deducting tax on above mentioned transaction.
- This provision will take effect from 1st July 2021.
- If on a transaction, TCS is required u/s 206C(1H) as well as TDS under this amended section, then only TDS under this section will apply.

**Relaxation for withholding on payments to FII**

- Currently, income of FII from securities is subject to TDS at a specific rate of 20% without providing the benefit of DTAA at the time of tax deduction.
- In order to provide relaxation, it is proposed that tax shall be deducted at 20% or rate of tax as per DTAA for such income, whichever is lower, if the payee furnishes Tax Residency Certificate.

**TDS/TCS on non filers at higher rates**

- In order to enforce compliance of return filing by Resident Indians and Non resident having PE in India, it is proposed to provide for higher rates of TDS and TCS for non-filers of income tax return.
- Such higher rates will be applicable to persons:
  - who have not filed ITRs in both of the 2 years immediately preceding the FY of payment/collection and the time limit for filing original returns has expired, and
  - whose aggregate of TDS / TCS is INR 50,000 or more in each of the 2 years immediately preceding the FY of payment/collection.
- The rate of TDS/TCS shall be higher of the following:
  - Twice the rates specified/in force
  - 5%
- In case the payee/collectee does not furnish PAN and the TDS/TCS rates for not furnishing PAN are higher than the above mentioned rates, then such higher rates shall be applicable.
- These provisions will not be applicable for the following payments:
  - Salary
  - Accumulated Balance due to employee
  - Winnings from lottery /crossword puzzle /horse race

- Income paid in respect of investment in securitization trust
- TDS by banks on cash withdrawals
- For implementation of this amendment, the IT department should come up with some functionality to enable the payer to verify the status if return filing of payee and his total TDS/ TCS.
- This amendment will be effective from 01.07.2021.

**Exemption from TDS on payment of Dividend to Business trust**

- Presently, section 194 of the Act provides for TDS on payment of dividend to Residents.
- Since dividend income of Business Trust (REIT or InvITs) from SPV (Indian company where the Business Trust holds controlling interest) is exempt, it is proposed that TDS requirement shall not apply to such dividend payments. Certain notified persons will also be entitled for such relaxation.
- The proposed amendment will be effective from AY 2021-22 i.e. FY 2020-21.

**Relaxation for certain category of senior citizen from filing Income-Tax Return**

- It is proposed to provide relaxation to Resident Senior Citizens from filing the return of income who fulfil the following conditions:
  - They are aged 75 years or more during the FY,
  - They only have pension income and interest income from the same Specified bank in which pension income is received and
  - A prescribed declaration is furnished to the specified bank.
- After furnishing the declaration, the specified bank would compute the income of such senior citizen after giving effect of deductions & rebate and deduct income tax on the basis of rates in force.

**Relaxation from Interest on Deferment of Advance Tax on Dividend Income**

- Presently, every assessee is liable to pay a simple interest at the rate of 1% per month for a period of three months on the amount of shortfall in advance tax calculated having regards to the due dates for payment of advance tax instalments.
- Considering the intrinsic nature of dividend income, it is

now proposed that interest for deferment of advance tax shall not be applicable on the amount of shortfall in tax where such shortfall is on account of under-estimation or failure to estimate dividend income, if tax due on dividend income has been paid in the subsequent advance tax instalments.

- The proposed amendment will be effective from AY 2021-22 i.e. FY 2020-21.

**Deduction in respect of interest on affordable housing loan**

- Presently, an Individual can claim deduction in respect of interest up to INR 1,50,000 on loan taken for his first residential house property from financial institution if such loan is sanctioned between 01.04.2019 to 31.03.2021 and Stamp duty value of such house property does not exceed INR 45 Lakhs.
- To promote purchase of affordable housing, it is proposed to further extend the period of sanctioning of the said loan upto 31.03.2022.

**Relief from taxation of income from notified overseas retirement benefit account**

- Currently, there is mismatch in the year of taxability of withdrawal from overseas retirement account opened by residents when they were non-resident since withdrawal from such account may be taxed in foreign country on receipt basis but on accrual basis in India.
- It is therefore proposed to provide that income of specified person from specified account shall be taxed in the manner and in the year as prescribed by the Central Government.
- The term specified person means Indian resident who has opened a specified account in a notified country while being a non resident in India and resident in that country.
- Specified account means an account maintained in respect of retirement benefits and whose income is taxable at the time of withdrawal or redemption instead of accrual basis outside India.

**Exemption for Leave Travel Concession Cash Scheme**

- Presently, exemption is available in respect of the value of leave travel concession or assistance received by or due to an employee from his employer or former employer for himself and his family, in connection with his proceeding on leave to any place in India.

- In view of the situation arising out of outbreak of COVID pandemic, it is now proposed to provide tax exemption in respect of cash allowance in lieu of one LTC in the block of 2018-21. Further, for this purpose rules shall be prescribed and shall, *inter alia*, be on following lines, viz:
  - Employee or a member of his family during the period from 12.10.2020 to 31.03.2021 actually spends the allowance received on goods or services which are liable to tax at an aggregate rate of twelve per cent or above under various GST laws and goods are purchased or services procured from GST registered vendors/service providers (specified expenditure)
  - The payment to GST registered vendors/service providers is made through proper banking channels and tax invoice is obtained from such vendor/service provider
  - The amount of exemption shall not exceed thirty-six thousand rupees per person or one-third of specified expenditure, whichever is less
- The proposed amendment will be applicable in AY 2021-22 only i.e. FY 2020-21.

## Taxability of Interest on excess contributions to Recognised Provident Fund.

- Presently, exemption is provided for the amounts received from any statutory PF and also for the accumulated balance due and becoming payable to an employee participating in a RPF to the extent provided under the Income Tax Rules.
- On account of this provision, there were instances where employees contributing huge amounts were able to claim exemption on the entire amount of Interest accrued/received from such RPF and thus in the absence of any threshold limit, this provision benefited only those who are able to contribute huge amounts to the fund.
- Thus, it is now proposed to provide that the exemption shall not be available on the interest income accrued, during the FY and on subsequent years thereafter, on such contributions made in excess of INR 2,50,000 on or after 01.04.2021. Interest on earlier contributions will continue to enjoy the Tax exemptions.



## Goodwill to be considered as non depreciable asset

- Goodwill of a business or profession was considered as a depreciable asset in various judicial pronouncements including Supreme Court's decision in case of Smiff Securities Limited (348 ITR 302)
- It is now proposed to provide that goodwill of a business or profession shall not be considered as part of block of assets and accordingly no depreciation will be allowed as a deduction under the head Income from Business and Profession.
- If goodwill is purchased for a price by the assessee, the same will be considered cost of acquisition in the event of transfer in future. If the assessee has already claimed depreciation on goodwill, the cost shall be reduced to the extent of depreciation claimed.
- The above amendment is proposed to be made applicable from A.Y 2021-22 i.e. FY 2020-21.
- Consequential amendment is also proposed in respect of the written down value of the block of asset which includes goodwill of a business or profession and short term capital gain, if any, on cessation of such block of asset shall be determined in prescribed manner.
- This amendment will have far reaching impact on Mergers and Acquisition transactions.

## Relief from tax audit provisions in certain cases

- Currently, every person carrying on business is required to get his accounts audited, if his total sales, turnover or gross receipts, in business exceeds **INR 1 Crore** in any FY
- The said limit is **INR 5 Crores** in cases where,-
  - aggregate of all cash receipts during the FY does not exceed 5% of total receipts; and
  - aggregate of all cash payments during the FY does not exceed 5% of total payments.
- To promote the digital economy, it is proposed to further increase the above limit of INR 5 Crores to **INR 10 Crores**.
- The proposed amendment will be effective from AY 2021-22 i.e. FY 2020-21.

## Rationalisation of provision of presumptive taxation for Specified Profession

- Presently, an Indian Resident, being a professional assessee can opt for offering presumptive income if the gross receipts from such profession is upto INR 50 Lakhs.
- The said benefit of presumptive taxation is now sought to be restricted to resident Individuals, HUFs or partnership firms other than LLP.
- The proposed amendment will be effective from AY 2021-22 i.e. FY 2020-21.

## Payments of employee's contribution to a fund on or before due date

- Currently, based on various judicial decisions, deduction of **employee's contribution** to provident fund or superannuation fund or fund set up under ESI Act or any other employee welfare fund is allowable, if such payment is made by employer on or before due date for filing of its return of income.
- The same has been a litigative issue. It is proposed that, deduction of employee's contribution to the said fund shall be allowable **only if** the employer makes the payments of such employee contributions in the respective funds on or before the due date prescribed under the relevant Act / rule / notification. In case of default, the claim for the

deduction will be lost forever.

- The proposed amendment will be effective from AY 2021-22 i.e. FY 2020-21.

## Incentives for affordable housing

- Currently, an assessee engaged in the business of developing and building affordable housing projects is eligible to claim deduction of 100% of profits. The benefit is available in respect of the projects approved upto 31.03.2021.
- It is proposed to extend the benefit by additional one year i.e. for projects to be approved on or before 31.03.2022.
- Also to help migrant labourers and to promote affordable rental, it is proposed to extend the above tax deduction to such rental housing projects which are notified by the Central Government and which fulfil the specified conditions.

## Rationalisation of safe harbour limits u/s 43CA, and Section 56

- Presently u/s 43CA, for computation of business income from transfer of Immovable property being land or building or both, Stamp duty value [SDV] of the property is considered as Deemed Sale price, if such SDV exceeds 110% of the sale consideration.
- Similarly u/s 56(2)(x), if a person receives any immovable property and Stamp duty value of such property exceeds 10% of the purchase consideration then such excess is taxable under the head Income from other sources.
- In order to reduce the hardships caused in respect of genuine transactions, it is proposed to increase the safe harbour threshold from existing limit of 10% to 20% of sale consideration u/s 43CA for real estate developers selling residential units, if the following conditions are fulfilled:
  - The transfer of residential unit takes place during the period from 12<sup>th</sup> November, 2020 to 30<sup>th</sup> June, 2021
  - The transfer is by way of first time allotment of the residential unit to any person and
  - The consideration as a result of such transfer does not exceed INR 2 Crores.

Further, it is proposed to provide similar consequential relief to buyers of these residential units by Increasing the safe harbor limit from 10% to 20% u/s 56 (2)(x) of the Act.



**Extension of time limit for set-up of eligible start-up**

- Presently a deduction of 100% of the profits and gains derived from eligible business by an eligible start-up is available for any 3 consecutive assessment years out of 10 years, if the turnover from the business is upto INR 100 Crores and if the eligible start up is incorporated on or after 01.04.2016 but before 01.04.2021.
- In order to extend the benefit to eligible start-up, it is proposed to extend the benefit to startup incorporated upto 01.04.2022.

**Extension of time limit for availing exemption for investment in eligible start-up**

- Presently, the benefit of exemption from capital gain for transfer of residential property can be claimed if the consideration is invested in an eligible start-up on or before 31.03.2021. This date is now proposed to be extended upto 31.03.2022.
- The proposed amendment will be effective from AY 2021-22 i.e. FY 2020-21.

**Rationalization of provisions of Minimum Alternate Tax (MAT)**

- In case of foreign company, it is proposed that Dividend income accruing or arising shall be reduced from the book profits and expenditure in relation to dividend income shall be added to the book profits for MAT computation where such dividend income is taxable at lower than MAT rate due to DTAA.
- APA and secondary adjustment - In cases where past year's income is included in books of account during the FY on account of an APA or a secondary adjustment under transfer pricing provisions, the AO shall, on an application made to him in this behalf by the assessee, re-compute the book profit of the past year(s) and tax payable, if any, in the prescribed manner. Further, for the rectification of mistake, the period of 4 years shall be reckoned from the end of the FY in which the application from the assessee is received by AO.
- The proposed amendment will be effective from AY 2021-22 i.e. FY 2020-21.

## End of controversy of Slump Sale vs. Slump Exchange

- Section 50B of the Act provides for computation of capital gains in case of slump sale. Slump sale means the transfer of undertaking/s as a result of sale for lump sum consideration without value being assigned to individual assets and liabilities .
- Since the current provision only covers transfer of undertaking by way of sale, there was a controversy in case of transfer of undertaking by any other mode of transfer e.g. transfer of undertaking in exchange of shares. This also lead to instances where slump sale transaction being carried out as slump exchange transaction to avoid tax incidence.
- To end this controversy, it is proposed to amend the scope of the slump sale provision so that all transfer by any means including but not limited to sale, exchange, relinquishment, extinguishment of rights will be within its scope.
- The proposed amendment will be effective from AY 2021-22 i.e. FY 2020-21.



### Taxation on distribution of asset/money on dissolution or reconstitution of firm/AOP/BOI

- At present, section 45(4) provides for tax on transfer of capital asset by way of distribution to partner/member by a firm/AOP/BOI on its dissolution or otherwise. For computation of such capital gains, fair market value of the capital asset is considered as full value of consideration.
- At present, for taxation of capital gains there has to be transfer of a capital asset. Hence the cases where there is no transfer of capital asset but there is revaluation of such asset by crediting capital account of partners and then payment is made to partner/member of such excess capital balance then such transactions are not covered under section 45.
- To tax the abovementioned situations, it is proposed to amend section 45(4) and also insert section 45(4A) to provide for following:

No	Taxable event	Capital gains computation	Taxability
1	Section 45(4) : Receipt of Capital asset by Partner/Member on dissolution/reconstitution of the firm/AOP/BOI	Fair market value of such capital asset as on the date of such receipt Less : Cost of such capital asset in the hands of the firm/AOP/BOI	Taxable as capital gains in the hands of firm/AOP/BOI in the year of such receipt by its partner/member
2	Section 45(4A): Receipt of Money/Other asset by Partner/Member on dissolution/reconstitution of the firm/AOP/BOI	Value of money and Fair market value of Other asset as the date of such receipt Less : Balance in capital account of such partner/member at the time of dissolution/reconstitution excluding increase on account of revaluation of any asset or self-generated goodwill or any other self-generated asset*	

\*Self generated goodwill/asset means goodwill/asset which has been acquired without incurring any purchase cost or which has been generated during the course of business/profession.

- In order to avoid double taxation, it proposed that at the time of future sale of capital asset which was revalued and for which income was brought to tax under Sr. no. 2 above, the amount so taxed shall be deducted from future sale consideration.
- Important aspects of this amendment are as under:
  - This amendment provides for taxation based on receipt of money/other asset by partner/member and transfer of capital asset is not mandatory. Also since the definition of income u/s 2(24)(vi) includes any capital gains u/s 45, the said receipt will qualify as “income” without there being any transfer.
  - As per the amendment, trigger of capital gains in case of transfer of capital asset by the firm to partner u/s 45(4) or receipt of money/other asset u/s 45(4A) is only on dissolution or reconstitution. Interestingly, receipt of capital asset by the firm to partner without there being any dissolution or reconstitution is not covered under the amended section 45(4) and hence may be out of tax incidence.
  - The chargeability of tax u/s 45(4A) is on profits/gains on receipt of money/other asset by the partner. In general parlance there can not be profits/gains on receipt, it is always on accrual/credit and not on receipt.
- The proposed amendment will be effective from AY 2021-22 i.e. FY 2020-21.

# ASSESSMENT PROVISIONS

## New procedure for Income escaping assessment and search assessments

- Upto 31.03.2021, proceedings for reopening of assessment, in case where income has escaped assessment and proceedings for search and requisition cases, are carried out separately.
- It is proposed to conduct the above proceedings in a same and like manner under a new procedure.
- Currently re-assessment proceedings can be initiated by the AO as under:
  - Till 6 years from the end of the relevant AY if income of INR 1 Lakh or more has escaped assessment
  - Till 16 years from the end of the relevant AY if income escaping assessment pertains to asset located outside India.
  - Till 4 years from the end of relevant AY in any other case
- It is proposed that the re-assessment proceedings or search proceedings can be initiated by the AO as under –
  - Till 10 years from the end of relevant AY, if AO has in his possession evidence which reveals that the income escaping assessment for the concerned year, amounts to INR 50 Lakhs or more and is represented in the form of an asset.
    - Till 3 years from the end of relevant AY, in any other case.
- Presently there is no provision of giving opportunity of being heard to the assessee before reopening of assessments. One of the requirement for reopening of assessment is that the AO must have reasons to believe that income has escaped assessment.
- It is proposed that under the new procedure of reassessment proceedings (other than search proceedings), the AO should follow the steps as under;
  - Conduct an enquiry, if required, with the prior approval of higher authority with respect to the information which suggests that income has escaped assessment
  - Provide an opportunity of being heard to the assessee to explain why assessment should not be conducted on basis of information which suggests that income has escaped assessment.
  - Decide on the basis of material available on record including reply of the assessee (if any), whether or not it is a fit case to conduct reassessment proceedings by passing an order.
- The proposed amendments could reduce the discretion currently available to assessing officers for reopening assessments since it appears that it will now be system driven.

# ASSESSMENT PROVISIONS

## Provision for Faceless Proceedings before the ITAT

- Presently, ITAT hearing takes place through personal hearing. Assessment Proceedings and CIT(A) proceedings are already in an electronic mode without any requirement of personal attendance. It is now proposed to increase the scope and coverage of e-proceedings with objective of eliminating physical attendance of tax payers/ Authorised Representative.
- Hence, it is proposed to notify an e-ITAT scheme for Appeal proceedings before ITAT, in order to impart greater efficiency, transparency and accountability.

## Discontinuance of Income Tax Settlement Commission

- The Income tax Settlement commission shall cease to exist from 01.02.2021 and an "Interim Board" shall be constituted in its place for settlement of pending cases and no fresh application for settlement shall be made there afterwards u/s 245C of the Act.
- In respect of pending applications, assessee has the option to withdraw the same u/s 245M of the Act on or before 30.06.2021 and if not done so, then the pending application shall be deemed to be transferred to the Interim Board.

- In case where the assessee exercises option to withdraw the application, then the AO in charge shall dispose the case in accordance with normal provisions of the Act as if no application had been made u/s 245C of the Act.
- The Central Government shall issue directions for the purposes of settlement of pending application by the Interim Board upto 31.03.2023.

## Time to file belated return/ revised return reduced

- Presently belated and revised returns of income could be filed before the end of the AY or before the completion of the assessment whichever is earlier.
- It is now proposed that the belated and revised returns can be filed three months before the end of the assessment year or before the completion of the assessment whichever is earlier.
- The proposed amendment will be effective from AY 2021-22 i.e. FY 2020-21.

# ASSESSMENT PROVISIONS

## Amendment in provisions of processing of returned income u/s 143(1) and issue of notice of scrutiny assessment u/s 143(2)

- Time limit to issue notice for scrutiny proceedings is proposed to be reduced from 6 months to 3 months, from the end of FY in which return has been filed.
- Time limit for sending intimation for processing the return of income u/s 143(1) is also proposed to be reduced from 12 months to 9 months, from the end of FY in which return has been filed.
- Currently, disallowance of expenditure indicated in tax audit report and not included in computation of income was only allowed to be added while computing total income u/s 143(1). It is proposed to provide for increase in income indicated in tax audit report but not taken into account in computation of income while processing returned income u/s 143(1).
- It is proposed to disallow certain income based deductions under section 10AA and section 80H to 80TT (Chapter VI –A under heading 'C') if the return of income is filed after due date and the same was not disallowed in the return of income.

## Rationalisation of Time Limit for Completion of Assessments

- The current time limit for the completion of assessment proceedings is within 12 months from the end of the AY.
- It is now proposed to reduce the time limit for completion of assessment including reassessment proceedings to 9 months from the end of AY.
- The proposed amendment will be effective from AY 2021-22 i.e. FY 2020-21.

## Illustration of various timelines (assuming FY 20-21)

No	Timeline of	Existing	Proposed
1	Belated / Revised Return	Earlier of 31.03.2022 or Completion of Assessment	Earlier of 31.12.2021 or Completion of Assessment
2	Processing of ITR u/s 143(1)	31.03.2023	31.12.2022
3	Selection of Scrutiny Assessment u/s 143(2)	30.09.2022	30.06.2022
4	Completion of Assessment u/s 143(3)	31.03.2023	31.12.2022

# ASSESSMENT PROVISIONS

## Constitution of Dispute Resolution Committee

- In order to provide for early resolution of small and medium tax payers' disputes, it is proposed to introduce one or more Dispute Resolution Committees ("DRC").
- Disputes where returned income for the year is upto INR 50 Lakhs **AND** the aggregate amount of variation proposed in assessment is upto INR 10 Lakhs shall be eligible to be considered by the DRC.
- Orders based on search initiated or requisition made u/s 132A or survey initiated u/s 133A or information received under an agreement referred to Section 90 or Section 90A of the Act shall not be eligible for being considered by the DRC.
- Further, the assessee shall not be eligible for approaching the committee if there is detention, prosecution or conviction under various laws.
- Further the DRC is empowered to reduce or waive any penalty imposable or grant immunity from prosecution for any offence under the said Act while resolving the dispute.
- The Central Government shall not issue any directions after 31.03.2023 for the DRC to resolve the pending disputes

## Allowing prescribed authority to issue notice for filing return of income

- Currently, only jurisdictional AO is authorized to issue/serve notice to a person who has not filed return of income asking for submission of return.
- In line with conscious policy of making all the processes faceless and elimination of inter face between the tax payer and the department and in order to enable Centralized issuance of notices etc. in an automated manner, it is proposed to amend the provisions of section 142(1)(i) of the Act to empower the prescribed Income Tax Authority besides the assessing officer to issue notice to the assessee.

## Provisional attachment in fake invoice cases

- Presently, section 281B provides for provisional attachment by AO of any property of the assessee in order to protect the interest of revenue in the cases of assessment or reassessment. It is now proposed to also include such power of provisional attachment to enable to impose penalty u/s 271AAD where the amount or aggregate of amount of penalty likely to be imposed exceeds INR 2 Crores. Section 271AAD provides for a levy of penalty on a person or a person who causes such a person to make a false entry or omit an entry from his book of accounts.

## Rationalization of Provision of Charitable Trusts and Institutions

- Exemption to funds, institutions, trusts etc. carrying out religious or charitable activities is provided u/s. 10(23C) of the Act and sections 11 and 12 of the Act.
  - Section 12A of the Act, inter alia, provides for procedure to make application for the registration of the trust or institution to claim exemption under sections 11 and 12.
  - Voluntary Corpus Donations received by trusts, institutions, funds made with a specific direction that they shall form part of the corpus are exempt and shall not be included in the total income of the trust or institution.
  - Under the existing provisions, these entities are not allowed to accumulate more than 15% of their income or accumulate for specific purpose up to 5 years, other than corpus donations referred above.
  - Unintended double deductions took place by way of:
    - Claiming of exemption of corpus donations and
    - Application of corpus donations against the mandatory 85% application of non-corpus income
  - Entities made applications towards charitable objects out of borrowed funds, the repayment of which was also claimed as application. This resulted in paper losses and short application (less than 85%).
- To streamline the accumulation of income and eliminate the double counting, following amendments are proposed:
    - Voluntary contributions (made with a specific direction that it shall form part of the corpus) shall be invested or deposited in one or more of the forms or modes specified u/s 11(5) maintained specifically for such corpus.
    - Application out of the corpus shall not be considered as application for charitable or religious purposes [for the purposes of section 11(1)(a) and (b)], provided when it is invested or deposited back, into one or more of the forms or modes specified in section 11(5) maintained specifically for such corpus, from the income of the previous year, such amount shall be allowed as application in the previous year in which it is deposited back to corpus and to the extent it is deposited back.
    - Application from loans and borrowings shall not be considered as application for charitable or religious purposes. The repayment when made out of income of the previous year shall be allowed as application in that previous year.
    - No set-off or deduction or allowance of any excess application of any preceding year shall be allowed while computing income required to be applied or accumulated during the previous year.

## Raising of Prescribed Limit for Exemption

- Presently, section 10(23C) of the Act provides for exemption in respect of income received by any person on behalf of different funds or institutions as specified in different sub-clauses therein as under;
  - Exemption of income received on behalf of any approved non-profit making university or educational institution.
  - Exemption of income received on behalf of any approved non-profit making hospital or other institution established for philanthropic purposes.
- One of the existing conditions for availing such exemption is that the gross annual receipt of such university, hospital or institution should not exceed INR 1 Crore.
- It is proposed to increase this limit of annual receipt to INR 5 Crores. In case a person has receipts from both, universities, hospitals or other such institutions, then the aggregate annual receipts should not exceed INR 5 Crores.



### Definition of the term-Liable to Tax

- Presently the Act does not define the term 'Liable to Tax' although the same is widely used in various provisions like determination of residential status, application of DTAA.
- It is now proposed to define the term 'Liable to Tax' in relation to a person, to mean a case where there is a liability of tax in respect of that person under the law of any country. It will also include a case where subsequent to imposition of such tax liability, an exemption is provided.
- The proposed amendment will be effective from AY 2021-22 i.e. FY 2020-21.

### Taxation of proceeds of high premium ULIP

- Currently, certain proceeds under ULIP are exempt if the premium payable does not exceed 10% of the actual capital sum assured.
- However, it is proposed to make the following proceeds received under ULIP taxable:
  - Any sum received under an insurance policy issued on or after 01.02.2021 in respect of which the premium payable for any FY during the term of the policy exceeds INR 2.5 Lakhs.
  - Any sum received under any insurance policies issued on or after 01.02.2021 in respect of which the

aggregate premium payable for any FY during the term of any of the policies exceeds INR 2.5 Lakhs.

- It is to be noted that any sum received under above cases shall be exempt in case of death of insured.

#### Note:

- Equity ULIP which is taxable shall be included in the definition of Equity oriented fund and any capital gains arising on such asset shall be taxable under the provisions of capital gains.
- The proposed amendment will be applicable for new ULIP policies issued on or after 01.02.2021

**Rationalisation of provisions of Equalisation Levy**

- Equalisation Levy is levied at 2% of the consideration received or receivable by an e-commerce operator from e-commerce supply of goods or services:
  - to a person resident in India; or
  - to a non-resident in the specified circumstances; or
  - to a person who buys such goods or services or both, using internet protocol address located in India.
- It is proposed to clarify that consideration for specified services such as online advertising, etc and for e-commerce supply or services shall not include consideration taxable under the Act as royalty or fees for technical services in India read with DTAA.
- It is proposed to provide that consideration for e-commerce supply of goods or services shall include:
  - consideration for sale of goods irrespective of whether the e-commerce operator owns the goods
  - consideration for provision of services irrespective of whether service is provided/facilitated by the e-commerce operator.
- Further, it is also proposed to include one or more activities for the purpose of e-commerce supply or service:
  - Acceptance of offer for sale
  - Placing the purchase order

- Acceptance of purchase order
- Payment of consideration
- Supply of goods or provision of services, partly or wholly

- The proposed amendment will be effective retrospectively from AY 2021-22 i.e. FY 2020-21.

**Issuance of zero coupon bond by infrastructure debt fund**

- Presently Section 2(48) of the Act provides for definition of zero coupon bond, as a bond issued by any infrastructure capital company or infrastructure capital fund or public sector company or scheduled bank and in respect of which no payment and benefit is received or receivable before maturity or redemption. It is now proposed to include notified “infrastructure debt fund” to its list.

### Tax Incentives for units located in IFSC

- Presently, fund management activity of eligible investment fund carried out through eligible fund manager located in India and acting on behalf of such fund shall by itself not constitute business connection in India. Such Eligible funds shall also not be considered resident of India merely because the fund manager is located India.
- Certain conditions have been prescribed for the fund to be eligible to avail above benefits. It is proposed to relax some condition/s for such investment fund or its eligible fund manager if such fund manager is located in IFSC and commences operations on/before 31.03.2024.
- Presently income from transfer of specified capital assets (e.g. derivatives, rupee denominated bonds of an Indian Company, Bond or GDR etc.) received by/accrued to Cat III AIF located in IFSC of which all the units are held by non-residents (other than unit held by a sponsor or manager), is exempt subject to certain conditions. It is proposed to extend the said benefit to the investment division of OBU located in IFSC and which commences operations on/before 31.03.2024. It is also proposed to provide concessional tax rate u/s 115AD to Investment division of OBU as a FPI.
- It is proposed exempt income of a non-resident from transfer of non-deliverable forward contracts entered into with OBU of IFSC subject to certain conditions.
- It is proposed to exempt income of a non-resident by way of royalty on account of lease of aircraft paid by unit of IFSC eligible for specified deduction and commences business operations on/before 31.03.2024.
- It is proposed that tax holiday shall be extended to income from transfer from aircraft/aircraft engine leased by IFSC unit to domestic company engaged in operation of aircraft before such transfer subject to certain conditions.
- To encourage existing offshore funds to relocate to IFSC it is proposed to exclude following transfers from the ambit of capital gains:
  - Transfer of capital assets on such relocation by Original fund (i.e. existing offshore fund) to Resultant fund (i.e. new AIF located in IFSC).
  - Transfer by shareholder/unitholder/interest holder of shares/units/interest held in Original fund in consideration for share/unit/interest in the Resultant fund.
  - It is also proposed to exempt capital gains of non-residents on account of transfer of shares of company resident in India received on relocation by the Resultant fund provided capital gains on such shares were not chargeable to tax if that relocation had not taken place.
- It is proposed to provide tax holiday to units in IFSC if they are registered under IFSC Authority Act, 2019 removing the earlier permission requirements



Increase in threshold limits of a Small Company |  
Removal of limits for conversion of an OPC |  
Rationalization of Tribunals and E-Court systems for  
strengthening NCLT framework | Launch of MCA  
Version 3.0



## CORPORATE LAW

Small Company and  
One Person Company

45

Other provisions and  
Decriminalization of  
Offences (LLP)

46

# SMALL COMPANY AND ONE PERSON COMPANY

## Relaxation for Small Companies [2(85)]

- The definition of Small Company is proposed to be revised. The new threshold limits are as follows,
  - **Paid up Share Capital** of which does not exceed INR **2 Crores** (earlier INR 50 Lakhs), and
  - **Turnover** limit of which does not exceed INR **20 Crores** (INR 2 Crores)
- The above change shall benefit Companies with respect to relaxation in compliance requirements, such as
  - Exemption from,
    - ❖ Preparation of Cash Flow Statement
    - ❖ Providing Companies Auditors Report Order 2016.
    - ❖ Appointment of Key Managerial Personnel, Secretarial Auditor and Whole Time Company Secretary
  - Certification of Annual Return by a Company Secretary in Practice is not applicable.
  - Limited Disclosures in Directors Report
  - Holding at least 1 meeting of the Board of Directors in each half of a calendar year and the gap between the two meetings is not less than ninety days.

## Amendments in pursuant to One person Companies.

- Presently, One person Company is required to compulsorily convert itself into a Private Limited Company or Public Limited Company if,
  - Paid up Share Capital of such company exceeds INR 50 Lakhs or
  - Turnover exceeds INR 2 Crores

However, the aforesaid limit has been proposed to be removed. The One Person Companies are allowed to grow without any restrictions and are allowed to convert itself into a private limited or public limited Company at any time.

- The Residency limit on the Indian citizen to incorporate a One Person Company is reduced from 182 days to 120 days.
- At present, only a natural person who is an Indian Citizen and Resident in India shall be eligible to incorporate as a One Person Company. However, now it has been proposed that a Non-Resident Indian is also allowed to set up and incorporate a One Person Company in India.

# OTHER PROVISIONS AND DECRIMINALIZATION OF OFFENCES (LLP)

## Rationalization of Tribunals and E-courts systems.

- To ensure faster resolution of cases, NCLT framework will be strengthened, e-Courts system shall be implemented and alternate methods of debt resolution and special framework for MSMEs shall be introduced.

## Launch of MCA Version 3.0

- The Budget proposes to launch Data Analytics, Artificial Intelligence, Machine Learning, driven with MCA21 Version 3.0. This MCA version 3.0 will have additional modules for E-scrutiny, E-Adjudication, E-Consultation and Compliance Management.

## Decriminalization of Offences under LLP Act

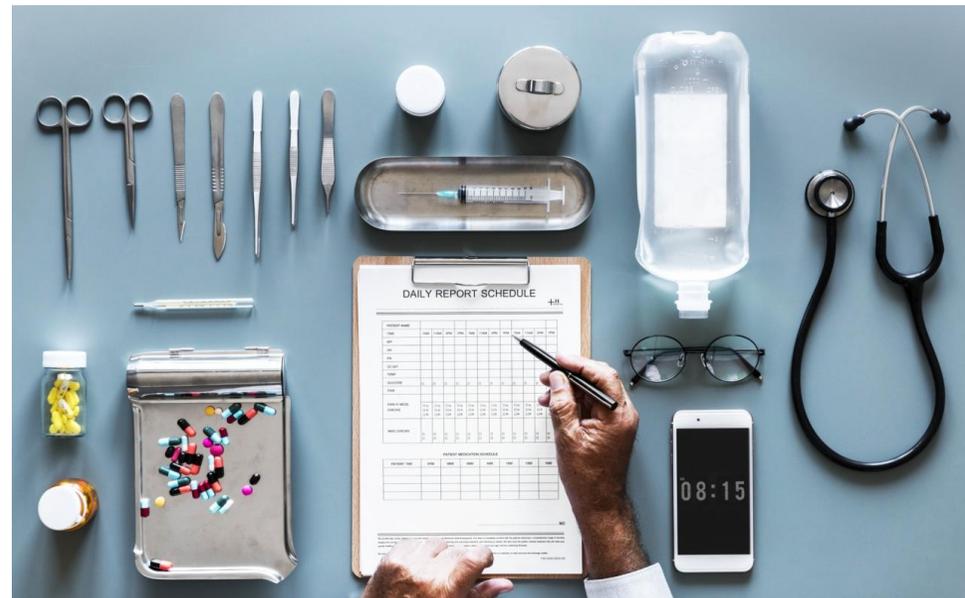
- In order to provide greater ease of doing business in India to law abiding Limited Liability Partnerships, a need is being felt to review the penal provisions of the Act so as to decriminalize compoundable offences involving minor, procedural or technical violations of the Act, or offences which can be objectively identified as where no fraud or mala fide intent is present nor is there any harm to public interest. In order to achieve the aforesaid objective, the Committee was formed, which submitted its report suggesting decriminalization of certain compoundable

offences under Limited Liability Partnership Act 2008 and has placed suggestions and recommendations from stakeholders.

The Committee has also below recommendations for the ease of doing business on Limited Liability Partnership as follows:-

- Reduction in the additional fee charged for delayed filings,
- To allow Limited Liability Partnerships to issue Non-Convertible Debentures to entities regulated by Securities and Exchange Board of India or Reserve Bank of India,
- Classification of certain Limited Liability Partnerships as "Small Limited Liability Partnership" for regulatory purposes and also certain urgently needed structural changes for alignment with the provisions of Companies Act, 2013

19% Increase in Defence capital expenditure | INR 350 billion allocated for COVID-19 vaccine | Voluntary Vehicle Scrappage Policy | Increase of **137%** in budget outlay on healthcare sector



# INDIRECT TAX PROPOSALS

Goods & Service Tax **48**  
Customs **51**

# GOODS AND SERVICE TAX

## Scope of Supply

- To put an end to controversy arising out of the decision of Hon'ble Supreme Court in the case of Calcutta Club on mutuality, the scope of supply is proposed to be retrospectively amended to ensure levy on supply of goods or services by any person other than individual to its' members or constituents and vice versa.
- Further, an explanation in the said section is inserted to negate any judgement or decree or order of any court and deem person and its members/constituents as two separate persons and transactions/ activities between them to be supply of goods or services.
- Consequently, entry 7 of Schedule II to the CGST Act is being omitted retrospectively

## Restriction on Input Tax Credit

- Currently, the availability of input tax credit is restricted to 105% of the invoices or debit notes furnished by the supplier.
- It is now proposed to restrict the availability of Input Tax Credit to the invoices or debit notes furnished by the supplier in the GST return of outward supplies. The relaxation of 5% , then, shall not be available.

- Additionally, the details of such invoices or debit notes shall be required to be communicated to the recipient.

## Changes is Annual Return and GST Audit

- An option to furnish self-certified reconciliation statement, reconciling the GST returns with audited financial statements is proposed.
- Currently, the due date for furnishing Annual Return is 31<sup>st</sup> December following the end of financial year. It is now proposed to be prescribed at a later date.
- The provisions for mandatory requirement of furnishing a reconciliation statement duly audited by Chartered Accountant / Cost Accountant along with the audited financial statements of the registered person whose turnover exceeds INR 2 Crores are proposed to be omitted

# GOODS AND SERVICE TAX

## Retrospective effect to interest on Net Tax Liability

- Vide Finance (No.2) Act, 2019, the interest on delayed payment of tax was levied on that portion of the tax that is paid by debiting the electronic cash ledger (i.e., tax liability net of input tax credit). The said provision was made effective from a date to be notified which was then notified on 1<sup>st</sup> September, 2020.
- Amidst confusion regarding clarificatory nature of the said provision, the CBIC vide press release had clarified that the said provision is effective in retrospect with effect from 01st July, 2017.
- To provide legal sanction, it is now proposed that the said provision be effective retrospectively from 01st July, 2017.

## Demands, Recovery, Seizure and Confiscation

- Amendment is proposed to make seizure and confiscation of goods and conveyances in transit a separate proceeding from recovery of tax.
- It is proposed that no appeal shall be filed against an order of detention or seizure, unless a sum equal to 25% of penalty has been paid by the appellant.
- Penalty for contravention of provisions of CGST Act in case of transportation or storage of goods in transit are proposed to be revised in the following manner.

Particulars	Cess	Total
Where owner of goods comes forward for payment - Taxable goods	100% of tax	200% of tax
Where owner of goods does not come forward for payment - Taxable goods	50% of value of goods	50% of value of goods or 200% of tax, whichever is higher

- The conveyance shall be released on payment of penalty or INR1,00,000, whichever is less.
- Penalty in respect of confiscation of goods or conveyances is proposed to be revised to 100% of tax payable. Currently the same is linked to penalty in respect of detention and seizure.

## Recovery of Tax as per GSTR-1

- The meaning of the term “self assessed tax” for the determination of tax and interest is proposed to be amended. Self-assessed tax shall include the tax payable in respect of details of outward supplies furnished under section 37 (i.e. GSTR-1) but not included in return furnished under section 39 (i.e. GSTR-3B)

# GOODS AND SERVICE TAX

## Zero Rated supplies

- Currently, all supplies to SEZ developer or SEZ unit are considered as zero rated supplies. It is now proposed that supplies to SEZ developer or SEZ unit only for authorized operations shall be treated as zero rated supplies.
- It may be noted that, currently, the refund on supplies to SEZ is permissible only in case of authorized operations.
- The option to make zero rated supply on payment of tax and claim refund is proposed to be restricted to a notified class of persons or goods or services
- In case of zero rated supply of goods, it is proposed that the registered person be liable to deposit the refund received along with interest if the sale proceeds are not realised within the time limit specified under FEMA,1999 (nine months)
- A definite period of two year, extendable by one year is proposed to be prescribed for completion of any proceedings under the Customs Act, 1962 which would culminate in issuance of a notice
- It is proposed that conditional exemption shall have validity of two years unless specifically provided otherwise, or varied or rescinded earlier (the notification would end on 31' March falling immediately after two years of issue of exemption)
- It is proposed to mandate filing of bill of entry before the

end of the day preceding the day (including holidays) of arrival of goods. A new proviso is proposed, to enable the Board to notify the time period for presenting bill of entry in certain cases as it may deem fit.

- A new section is proposed to prescribe penalty in specific case where any person has obtained any invoice by fraud, collusion, willful 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.

The above provisions relating to Customs shall come into effect from the date of enactment of the Finance Bill.

# CUSTOMS

- A definite period of two year, extendable by one year is proposed to be prescribed for completion of any proceedings under the Customs Act, 1962 which would culminate in issuance of a notice
- It is proposed that conditional exemption shall have validity of two years unless specifically provided otherwise, or varied or rescinded earlier (the notification would end on 31' March falling immediately after two years of issue of exemption)
- It is proposed to mandate filing of bill of entry before the end of the day preceding the day (including holidays) of arrival of goods. A new proviso is proposed, to enable the Board to notify the time period for presenting bill of entry in certain cases as it may deem fit.
- A new section is proposed to prescribe penalty in specific case where any person has obtained any invoice by fraud, collusion, willful 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.

The above provisions relating to Customs shall come into effect from the date of enactment of the Finance Bill.



**PROPOSALS INVOLVING INCREASE IN BCD,CVD,SAD AND EXPORT DUTY RATES**

Sr. No.	Particulars	From	To
	<b>Chemical</b>		
1	Carbon Black	BCD-5.0%	7.5%
	<b>Plastic Items</b>		
2	Builder's ware of plastics	BCD-10.0%	15%
	<b>Gems and Jewellery sector</b>		
3	Cut and Polished Synthetic stones, including Cut and Polised Cubic Zirconia	BCD-10.0%	15%
	<b>Electrical and Electronics Sector</b>		
4	Compressor of kind used in refrigerating equipment	BCD-12.5 %	15%
5	Compressor of kind used in air-conditioning equipment	BCD-12.5%	15%
6	Printed Circuit Board Assembly of charger or adapter (All goods under this tariff item, other above, will continue to attract the existing effective rate of BCD at 10%)	BCD-10%	15%
	<b>Parts of Automobiles</b>		
7	"Safety glass, consisting of toughened (tempered) or laminated glass.(All goods under this heading, other than those used with motor vehicles, will continue to attract the existing effective rate of BCD at 10%)"	BCD-10%	15%
8	Parts of Electrical lighting and signalling "equipment, windscreen wipers, defrosters and demisters, of a kind used for cycles or motor" vehicles	BCD-10%	15%

**PROPOSALS INVOLVING INCREASE IN BCD,CVD,SAD AND EXPORT DUTY RATES**

Sr. No.	Particulars	From	To
9	"Ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships"	BCD-10%	15%
10	"Instrument Panel Clocks and Clocks of a similar type for vehicles, Aircraft, Spacecraft or Vessels"	BCD-10%	15%
	<b>Agricultural Products and By Products</b>		
11	Denatured Ethyl Alcohol (ethanol) manufacture of excisable goods	BCD-2.5%	5%
12	"All goods except dog and cat food and shrimp larvaefeed"	BCD-Nil 5% 10% 15%	15%
	<b>Minerals</b>		
13	Natural borates and concentrates thereof	BCD-Nil 5%	2.5%
	<b>Fuels, Chemicals and Plastics</b>		
14	Naphtha	BCD-4%	2.5%
15	Bis-phenol A	BCD-Nil	7.5%
16	Epichlorohydrin	BCD-2.5%	7.5%
17	Caprolactam	BCD-7.5%	5%
18	Polycarbonates	BCD-5%	7.5%

**PROPOSALS INVOLVING INCREASE IN BCD,CVD,SAD AND EXPORT DUTY RATES**

Sr. No.	Particulars	From	To
19	Nylon chips	BCD-7.5%	5%
20	Other plates, sheets, films, etc. of other plastics	BCD-10%	15%
	<b>Lether</b>		
21	"Wet blue chrome tanned leather, crust leather, finished leather of all kinds, including splits and sides of the aforesaid"	BCD-Nil	10%
	<b>Textiles</b>		
22	Raw Silk (not thrown)	BCD-10%	15%
23	"Silk yarn, yarn spun from silk waste (whether or not put up for retail sale)"	BCD-10%	15%
24	Raw Cotton	BCD-Nil	"5% +5% AIDC"
25	"Cotton waste (including yarn waste or garneted stock)"	BCD-Nil	10%
26	Nylon Fibre and Yarn	BCD-7.5%	5%
	<b>Gems and Jewellery Sector</b>		
27	Silver	BCD-12.5%	"7.5%+2.5% AIDC"
28	Silver Dore	BCD-11%	"6.1% +2.5%AIDC"
29	Gold	BCD-12.5%	"7.5%+2.5% AIDC"
30	Gold Dore	BCD-11.85%	"6.9%+2.5% AIDC"



INR 1,500 Crores earmarked to promote digital payments | Adding 100 districts to city gas networks over a period of 3 years | Set up of Development Financial Institution with budget allocation of INR 20,000 Crs. for funding infra projects



# GLOSSARY

# KNOW THE TERMS

Abbreviations	Full Forms
AIDC	Agriculture Infrastructure and Development Cess
AIF	Alternate Investment Funds
AMT	Alternate Minimum Tax
AO	Assessing Officer
AOP	Association of Persons
APA	Advanced Pricing Agreement
AY	Assessment Year
BCD	Basic Customs Duty
BOI	Body Of Individuals
CBDT	Central Board of Direct Taxes
CG	Central Government
CGST	Central Goods and Services Tax
CSR	Corporate Social Responsibility
CVD	Countervailing duty
DRC	Dispute Resolution Committee
DTAA	Double Tax Avoidance Agreement with foreign countries or specified territories or specified associations

Abbreviations	Full Forms
FDI	Foreign Direct Investment
FEMA	Foreign Exchange and Management Act, 1999
FII	Foreign Institutional Investor
FMV	Fair Market Value
FPI	Foreign Portfolio Investors
FY	Financial Year
GDP	Gross Domestic Product
GDR	Global Depository Receipts
GOI	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICDS	Income Computation and Disclosure Standards
IFSC	International Financial Services Centre
INR	Indian Rupees
InvITs	Infrastructure Investment Trust

# KNOW THE TERMS

Abbreviations	Full Forms
ITAT	Income-Tax Appellate Tribunal
LTC	Leave Travel Concession
LTCG	Long-Term Capital Gains
MAP	Mutual Agreement Procedure
MAT	Minimum Alternate Tax
MRP	Maximum Retail Price
NBFC	Non-Banking Financial Company
NPS	National Pension Scheme
OBU	Offshore Banking Unit
PAN	Permanent Account Number
PE	Permanent Establishment
PF	Provident Fund
PLI	Production AtamNirbhar Bharat - Linked Incentive Scheme
QFI	Qualified Foreign Investor
R&D	Research and Development
RBI	Reserve Bank of India
REIT	Real Estate Investment Trust

Abbreviations	Full Forms
RIDF	Rural Infrastructre Development Fund
RPF	Recognised Provident Fund
SAD	Special Additional Duty
SDV	Stamp Duty Value
SEBI	Securities and Exchange Board of India
SFT	Statement of Financial Transactions
SHEC	Secondary and higher education cess
SME	Small and Medium Enterprise
SPV	Special Purpose Vehicle
STCG	Short-Term Capital Gains
TAN	Tax Deduction Account Number
TCS	Tax Collection at Source
TDS	Tax Deducted at Source
u/s	Under Section
ULIP	Unit Linked Insurance Plan
USD	US Dollars
WDV	Written Down Value

‘ न चोर हार्यं न च राज हार्यं न भात्रू  
भाज्यं न च भारकारि  
व्ययं कृते वर्धत एव नित्यं  
विद्याधनं सर्वधनप्रधानम ’

**Knowledge** is the **Wealth** that:

The **Thief** cannot **Steal**,  
The **King** cannot **Acquire**,  
The **Brothers** cannot **Share**,  
Does not **Weigh** on You,  
**Grows Forever** as you share ,  
Truly, **Knowledge** is the **Greatest Wealth**.