

BUDGET 2021



KEY HIGHLIGHTS

GBCA
& ASSOCIATES LLP
Chartered Accountants

Tax & Regulatory | Audit & Assurance | Transaction Advisory |
Estate & Succession Planning

KEY HIGHLIGHTS

DIRECT TAX PROPOSALS

- 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 31st March, 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 31st March, 2022.
- Notional tax on value of property as per stamp duty laws chargeable under the head capital gains, business income and income from other sources will not be triggered if the difference is not more than 20% (earlier 10%) of sale consideration.
- 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 Rs. 50 lakhs or more, re-opening of Assessment can be made upto 10 years, with the approval of Principal Chief Commissioner of Income Tax.

KEY HIGHLIGHTS

- 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.
- 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 for entering into international transaction or specified domestic transaction, will be 30th November of the relevant assessment year.
- Threshold for relief to approved Charitable trusts operating Hospitals and Educational Institutions is increased from INR 1 Crore to INR 5 Crores.
- Tax deduction 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 Foreign Institutional Investors 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 assesseees having Total Income upto INR 50 lakh and disputed income upto INR 10 lakh.

COMPANY LAW PROPOSALS

- The threshold limit of Small Companies is now changed as follows:
 - Paid Up Share capital limit has been increased from 50 lakhs to 2 Crores and
 - Turnover has been increased from 2 crores to 20 crores. 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 Limited Liability Partnerships Act 2008 shall be taken up.

KEY HIGHLIGHTS

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 claim 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
 - specified % of profits is retained as general reserve

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

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**.

Benefice Business House, 3rd Level,
126, Mathuradas Mills Compound,
N. M. Joshi Marg, Lower Parel (W),
Mumbai – 400013, India.

T: +91 22 3321 3737
E: reachus@gbcaindia.com
www.gbcaindia.com

GBCA
& ASSOCIATES LLP
Chartered Accountants