

Nangia Andersen LLP

# India Budget Statement 2022



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# Foreword



*“Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has.”*

Margaret Mead

# Foreword



The much awaited budget of 2022, which was expected to bring impetus post the Covid-19 shock, was presented in the midst of the surge of the Omicron virus. The past years have been testing times for the world at large and India has been no exception with both the short and long term disruptions and uncertainties caused by the pandemic. The Hon'ble Finance Minister's Budget speech and the Economic Survey both started on the note of looming pandemic cloud. However, India's growth trajectory as per advance estimates is pegged at GDP expansion of 9.2 per cent in 2021-22 after the contraction in 2020-21, highest among all the large economies. The Finance Minister premised the rebound and recovery of the economy on country's strong resilience.

The Budget 2022 has been aligned with the Hon'ble Prime Minister's recent Independence Day address and vision for India@100 and paving the way for the Amrit Kaal, the 25-year-long leading up to India@100.

The Amrit Kaal, which is stated to be futuristic has an inclusive approach, seeking to benefit the youth, women, farmers, the Scheduled Castes and the Scheduled Tribes and provide the required stimulus for growth. The Amrit Kaal would be coupled with PM GatiShakti (driven by seven engines, namely, Roads, Railways, Airports, Ports, Mass Transport, Waterways, and Logistics Infrastructure) which is aimed at big public investment for modern infrastructure, readying for India@100. PM GatiShakti is being slated to be transformative approach for economic growth and sustainable development. Such approaches found mentions at various places in the Hon'ble Finance Minister's speech.

Initiatives of the last year's Budget have resulted in significant progress like strengthening of health infrastructure, speedy implementation of the vaccination programme, nation-wide resilient response to the current wave of the pandemic, Productivity Linked

Incentive (PLI) scheme for receiving great response and achieving the vision of AtmaNirbhar Bharat.

With respect to the disinvestment plans announced in the last year's budget, strategic transfer of ownership of Air India has been closed, the public issue of the LIC is expected shortly and others would follow.

In the wake of the farmer discontent, the Government plans to follow inclusive development to promote agriculture sector, viz. promotion of chemical-free natural farming, promote use of 'Kisan Drones' for crop assessment, digitization of land records, spraying of insecticides, and nutrients. Revamping of the syllabi of agricultural universities has been emphasised to meet the modern needs of natural, zero-budget and organic farming, value addition and management.

# Foreword



A fund with blended capital to be facilitated through NABARD which would finance start-ups for agriculture & rural enterprise.

On the PM Awas Yojana front, it is claimed that in 2022-23 80 lakh houses will be completed for the identified eligible beneficiaries. Further, the Centre and States will work in tandem for reduction of time required for all land and construction related approvals to promote affordable housing.

Furthering on the inclusive approach, ambitious schemes viz. Development Initiative for Northeast Region (PMDevINE), Vibrant Villages Programme and Aspirational Blocks Programme were announced. The PMDevINE envisages initiatives for Northeast and is aimed at enabling livelihood activities for youth and women, filling the gaps in various sectors. The new Vibrant Villages Programme seeks to undertake activities (village infrastructure development and housing, access

for Doordarshan and educational channels, support for livelihood generation, et al) for Border villages which often get left out from the development gains.

Continuing the thrust of the Government for the Digital payments and banking, it is proposed to set up 75 Digital Banking Units (DBUs) in 75 districts of the country by Scheduled Commercial Banks and encourage further adoption of digital payments. Further, Central Bank Digital Currency (CBDC) or Digital Rupee is being introduced that will give a big boost to digital economy.

On the way forward and intent to facilitate Ease of Doing Business 2.0 & Ease of Living, the Government has proposed adherence to the idea of ‘trust-based governance’. Further to ease movement of citizens for overseas, e-Passports with embedded chip will be issued. Urban development is sought to be undertaken considering that the Government estimates that

nearly half of India’s population would be domiciled in urban areas by the time of India @ 100.

On the environment front, the Government seeks to promote a shift to use of public transport in urban areas along with clean tech and governance solutions, special mobility zones with zero fossil-fuel policy, and EV vehicles and Battery Swapping Policy to boost the EV ecosystem. Further initiatives in the Energy Transition and Climate Action direction include measures for transition to Carbon Neutral Economy, additional allocation for Production Linked Incentive for manufacture of high efficiency Solar panel modules. Also, the Government seeks to issue sovereign Green Bonds for mobilizing resources for green infrastructure for public sector projects which help in reducing the carbon intensity of the economy.

# Foreword

The Finance Minister at the outset of her Direct Taxes proposals, thanked taxpayers for contributing immensely and strengthening the hands of the government in helping their fellow citizens. However, the Budget proposals on the direct taxes have missed to provide the much needed respite that the taxpayers were seeking and have been based on last year's intent to establish a trustworthy tax regime, promote voluntary compliance by taxpayers, and reduce litigation. The Government has clarified its stand on various tax nuances in the current budget along with the specific tax regime aimed at taxing and tracking Virtual digital assets. In the midst of the COVID waves, a year's extension has been provided for start-ups and new manufacturing companies along with other relaxations for COVID patients and their families.

On the Indirect taxes front, GST has been stated to be a landmark reform showcasing the spirit of Cooperative Federalism and has fulfilled the cherished dream of India being one market- one

tax. To promote the growth of domestic industry and 'Make in India, the concessional rates in capital goods and project imports are to be gradually phased out whilst exemptions for advanced machineries that are not manufactured within the country would subsist. Further, various customs exemptions are to be done away with for items for which sufficient domestic capacity exists. To incentivise exports, exemptions are sought to be provided on various items that may be needed by bonafide exporters of handicrafts, textiles and leather garments, leather footwear and other goods. Additional tariff would be imposed on unblended fuel as a measure to encourage blending of fuel which is slated to be a priority of this Government.

In light of the various waves of the COVID which is the backdrop for the Budget 2022, the Budget has doled out various reforms and long term vision for the Indian economy under the Amrit Kaal roadmap which showcase India's

intent for inclusive growth and reforms and zeal towards the digital economy and sustainable eco-friendly growth.



# Direct Tax Proposals



*The first rule of sustainability is to align with natural forces, or at least not try to defy them.*

Paul Hawkenever

# Individual Taxation



## ➤ Tax Rates

There is no change in slabs of taxation or tax rates for individual taxpayers. However, maximum rate of surcharge on LTCG (arising on unlisted shares, immovable property etc.) has now been capped at 15% (instead of higher surcharge rate of 25% or 37% otherwise applicable to them).

## ➤ Increased deduction for National Pension Scheme (NPS) subscribers

- Under the existing provisions, deduction under section 80CCD of the IT Act is available to an employee where the contribution by Central Government does not exceed 14% of the salary. The limit for other employers is restricted to 10%.
- To ensure that tax benefit on contribution made by the State Governments, is passed to the employees, it has been proposed to

increase the limit of deduction from 10% to 14% in case of State Government employees.

Applicable with retrospective effect from AY 2020-21.

## ➤ Relief on Disbursement of annuity to person with disabilities

- Earlier tax deduction under section 80DD of the IT Act upto INR 0.125 million was allowed to Individuals/ or member of HUF, paying amount to LIC or any other specified insurer for securing a policy for maintenance or medical treatment of disability, only if the policy provided for payment of annuity or lump sum amount for the benefit of disabled in the event of death of such individual or member of HUF (i.e., proposer).

- It has now been proposed that deduction under section 80DD of the IT Act shall also be allowed to such proposer, for securing a policy, where the annuity or payment is received by the disabled even during lifetime of such proposer, upon attaining age of 60 or more. The amount received by dependent/disabled during the lifetime of such proposer shall also not be subjected to tax.

Applicable with effect from AY 2023-24.





# Individual Taxation



## ➤ COVID-19 related exemptions and benefits:

- In line with the press statement dated June 25, 2021 issued by the Government, legislative amendment has been made in definition of 'perquisites' includible under 'salary', to exclude any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family in respect of any illness relating to COVID-19. This relief is applicable retrospectively, from FY 2019-20 (i.e., AY 2020-21) onwards.
- Further, it has been proposed to amend section 56(2)(x) of the IT Act to exclude from the ambit of income, financial help received from any person for medical treatment of any illness related to COVID or any amount received by family members of a deceased person (where cause or death is illness relating to

COVID-19) from employer (without any monetary limit) of deceased or from any other person (subject to aggregate monetary limit of INR 1 million).

Applicable with effect from AY 2020-21.



# Voluntary Tax Compliance



## ➤ **Filing Of updated return**

- To make adequate use of the information available with the CBDT, an option to file an updated return has now been proposed to be provided to the taxpayers. This will help taxpayers to make voluntary compliance and declare additional income/ discharge additional tax liability in cases, where, by way of Annual Information Statement ('AIS') or otherwise, taxpayers come to know of any income, which could not be offered to tax at the time of filing of the original return or where no return has been filed.
- It is proposed to introduce section 139(8A) under the IT Act wherein an updated return can be filed within a period of 24 months, from end of relevant AY by paying an additional tax, whether or not the assessee has filed a return under section 139 of the IT Act.
- Additional income tax (including surcharge and cess) equivalent to 25% of aggregate tax and interest shall be payable on such additional income where the updated return is filed within 12 months from end of relevant AY. The additional tax shall be payable at the rate of 50%, if updated ITR is filed after 12 months, but before 24 months from end of relevant AY.
- It has also been provided that the updated return shall be treated as defective unless it is accompanied by proof of payment under the said section.
- The benefit of filing an updated return will be available only to bonafide taxpayers who suo moto wish to offer to tax additional income to the tax authorities and not in the case of taxpayers where search is initiated, or assets are requisitioned, or survey is conducted. This option of filing updated return shall not be available for the assessment year in which the search is initiated, or survey is conducted and, also not available for two assessment years preceding such assessment year.
- An updated return cannot be furnished for an assessment year where an updated return has already been furnished, assessment or reassessment is pending or completed, information under the various laws specified or section 90/90A of the IT Act has been communicated to the taxpayer, or prosecution has been initiated.
- The provisions of Section 234A, section 234B and section 234C of the IT Act have accordingly been proposed to be amended.
- This provision will help taxpayers avoid any penalty for under-reporting/ misreporting of income, albeit with payment of additional income tax.

Applicable with effect from AY 2022-23.

# Corporate Taxation



## ➤ Deduction on payment of interest only on actual payment

- Section 43B provides for deduction of interest on loan or borrowing from specified financial institution/ NBFC/ scheduled bank or a co-operative bank provided such interest has been actually paid.
- Certain taxpayers claim deduction of interest under section 43B even on conversion of interest payable on an existing loan into debentures considering the same as discharge of interest liability. Such view has also been upheld by several courts.
- It has been proposed to amend 43B to provide that conversion of such interest payable into debenture or any other instrument by which liability to pay is deferred to a future date, shall not be deemed to have been actually paid and hence no deduction can be claimed under section 43B.

Applicable with effect from AY 2023-24.

## ➤ Bonus stripping and dividend stripping to be made applicable to securities and units

- It has been proposed to amend section 94, pertaining to prevention of tax evasion through bonus stripping, to make the said provision applicable to securities as well.
- It has also been proposed to modify the definition of 'unit', to include units of business trusts such as InvIT, REIT and AIF.
- Definition of 'Records date' has been proposed to be amended to include date fixed by business trusts and AIF.

Applicable with effect from AY 2023-24.

## ➤ Withdrawal of concessional tax rate on dividend received from foreign companies

- To align with the provisions of DDT, Section 115BBD of the IT Act was introduced to provide for a concessional tax rate of 15% on dividend received by Indian concerns from foreign companies wherein it held at least 26% equity stake.
- With the abolition of DDT regime by Finance Act 2020, it has also been proposed to withdraw Section 115BBD of the IT Act to provide for equity in taxation of dividends received from domestic vis-à-vis dividends received from foreign companies.

Applicable with effect from AY 2023-24



# Corporate Taxation



## ➤ No deduction allowed for income tax surcharge/ education cess

- Certain High court rulings had held 'education cess' paid on income tax, to be a deductible business expenditure for taxpayers.
- To make the intention of the legislation clear and to avert any misinterpretation, a clarificatory explanation has been proposed to section 40(a)(ii) of the IT Act, clarifying 'surcharge' and 'cess' on 'income tax' to be a non-deductible expenditure.

Applicable retrospectively with effect from AY 2005-06.

## ➤ Clarifications on allowability of business expenditure under Section 37

- To clarify the legislative intent as regards allowability of expenditure under section 37 of IT Act, it has been proposed to insert an explanation clarifying the expression "expenditure incurred by an assessee for any purpose which is an offence, or which is prohibited by law" under section 37 of the IT Act to include:
  - an expenditure for the purpose of an offence or which is prohibited by any law or for compounding of an offence for violation under any law in India or outside India; or
  - an expenditure which provides any benefit or perquisite, in whatever form, to a person irrespective of carrying on business or profession and acceptance of such benefit or perquisite by such person is in

violation of any law/rules/regulation, governing the conduct of such person.

Applicable with effect from AY 2022-23.



# Corporate Taxation



## ➤ **Set off of business losses in search/survey**

- To ensure proper payment of tax on undisclosed income detected consequent to search and survey, it has been proposed to introduce a new section 79A to provide that no set off of current year or brought forward loss or unabsorbed depreciation shall be allowed against undisclosed income in any financial year.
- Further, the term “undisclosed income” is proposed to be defined as:
  - any income of the previous year represented by any money, bullion, jewellery or other valuable article or thing or any entry in the books of account or other documents or transactions found in the search/requisition/survey conducted which is not recorded in the books of account and not disclosed before the date of search or requisition or survey.

- any income of the previous year represented, by any entry in respect of an expense recorded in the books of account or other which is found to be false and would not have been found to be so, had the search not been initiated or the survey not been conducted or the requisition not been made.

Applicable with effect from AY 2022-23.

## ➤ **Facilitating strategic disinvestment of Public Sector Companies**

- To facilitate strategic disinvestment by the Government in case of Public Sector Companies, section 79 of the IT Act has been proposed to be amended to allow the carry forward and set off of losses to the erstwhile public sector company, provided that the ultimate holding company of the erstwhile public sector

company continues to hold either directly or indirectly through subsidiary(ies), atleast fifty-one percent (51%) of the voting power, of the erstwhile public sector company in aggregate.

- In case the said condition is not complied with in any previous year after the completion of strategic investment, the carry forward and set-off loss would not be allowed for such previous year and subsequent years.

Applicable with effect from AY 2022-23.



# Corporate Taxation



## ➤ **Disallowance under Section 14A**

- To clarify the intent of the legislation, it has been proposed that expenses incurred in relation to an exempt income shall be disallowed under section 14A of the IT Act, even where no exempt income accrues/arises or is received during the year.
- With the proposed clarificatory amendment, principle laid down by various courts, contrary to this position has been nullified.

Applicable with effect from AY 2022-23.

## ➤ **Amendment in the provisions of Section 179 of the Act**

- To remove the error in the title of section 179 and make it uniform with its provisions, it has been proposed to amend the title of the section to “**Liability of directors of private company**”.

- Further, to avoid unnecessary litigation and to provide clarity, it has been proposed to insert the word “fees” in the scope of the expression “tax due” under Explanation to the section.

Applicable with effect from AY 2022-23.

## ➤ **Tax rates for Association of Persons (AOP)**

- The tax rates will continue to be the same as those specified for FY 2021-22 applicable to AOP.
- However, maximum rate of surcharge on AOPs consisting of only companies as its members has been proposed to not exceed 15%.
- This will reduce the effective tax rate for consortium of companies, executing projects together and assessed to tax as AOP.

Applicable with effect from AY 2023-24



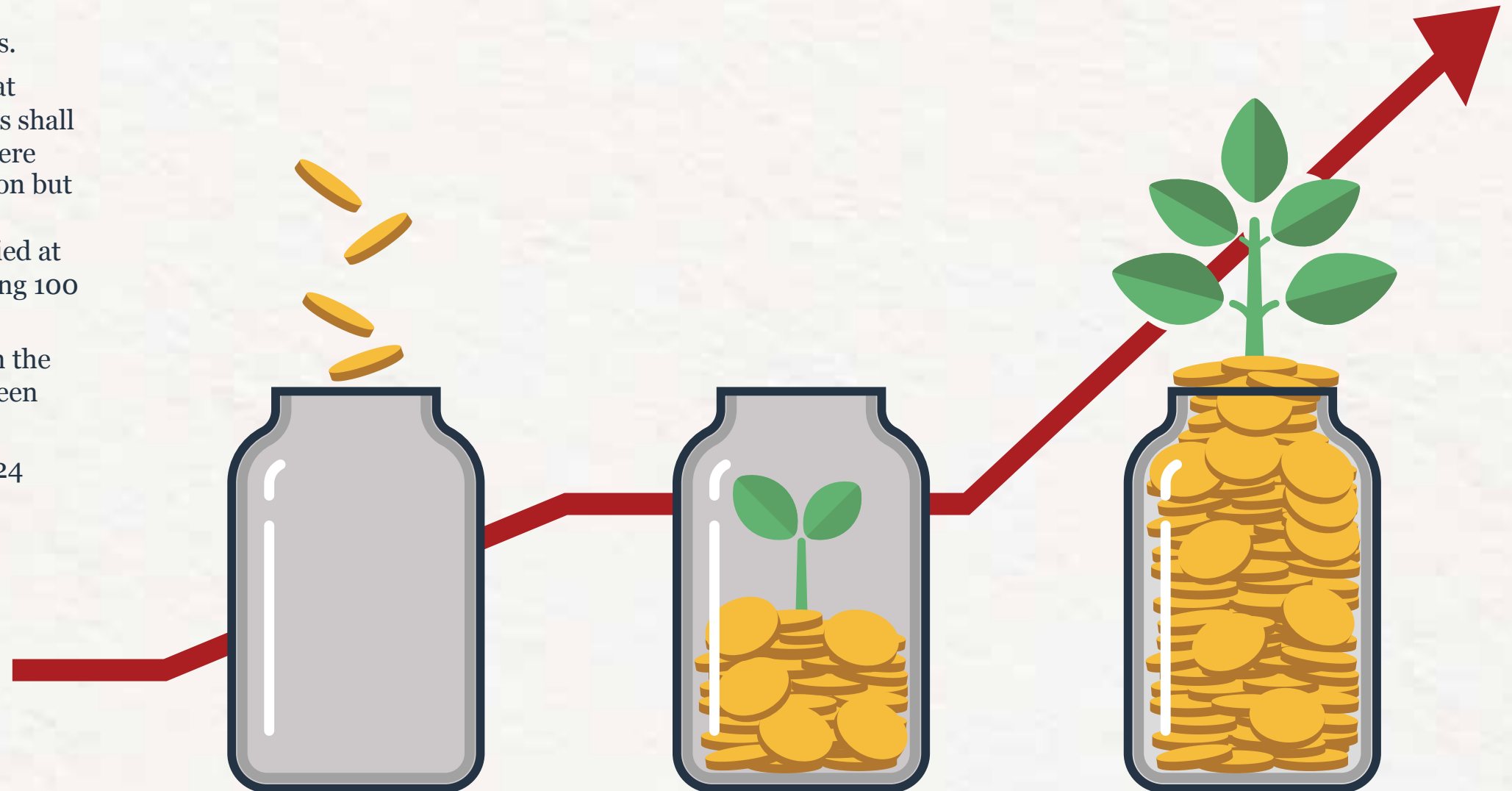
# Taxation of Co-operative Societies



## ➤ Tax rates for co-operative societies

- The tax rates will continue to be the same as those specified for FY 2021-22 applicable to co-operative societies.
- However, it has been proposed that surcharge on co-operative societies shall now be levied at the rate of 7% where total income exceeds INR 10 million but does not exceed INR 100 million. Surcharge shall continue to be levied at the rate of 12% on income exceeding 100 million.
- Further, alternate minimum tax in the case of cooperative societies has been reduced from 18% to 15%.

Applicable with effect from AY 2023-24



# Rationalization of Provisions



## ➤ **Amendment of Faceless Assessment Scheme under Section 144B**

- The Faceless Assessment Scheme, 2019 was inserted by way of section 144B vide the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020, with effect from April 01, 2021.
- To address the legal and procedural issues faced by taxpayers and to streamline the process of Faceless Assessment, as done in case of Faceless Appeals, it is proposed to amend section 144B.
- Regional Faceless Assessment Units are proposed to be excluded from being constituted under the Scheme.
- Response filing time is proposed to be amended from a fixed period of fifteen days to the date specified within the notice.

- Request for personal hearing made by the Assessee, to be mandatorily allowed by way of video conferencing by the income-tax authority.

Applicable with effect from AY 2022-23.

- Further, in case of any assessment completed not in accordance with the provisions contained under faceless assessment scheme shall no longer be considered void.

Applicable with retrospective effect from AY 2021-22.

## ➤ **Amendments in reassessment provisions**

- To provide simplification of procedures it is proposed to:
  - Do away with the sanction required to issue reassessment notice under section 148, in case where AO has passed order conducting inquiry under section 148A(d) with approval of specified authority.

- Omit the requirement of seeking prior approval before issue of show cause notice under section 148A(b) of the IT Act.
- Omit the word 'flagged' from Explanation 1 and reference to subsection (5) of section 133A in Explanation 2, to section 148 of the IT Act.

Applicable with effect from AY 2022-23.

- Omit reference to three assessment years preceding the assessment year of search in Explanation 2 to section 148 of the IT Act.
- Insert subsection (4) to section 153, to exclude applicability of period of limitation in search cases governed therein, with effect from April 1, 2021.
- Amend first proviso to section 149(1), to provide for non-issuance of reassessment notice under section 148 for AY beginning on or before April 1, 2021, if a notice under



# Rationalization of Provisions



section 148/153A/153C of the IT Act, could not have been issued at that time on account of being beyond the time limit as they stood immediately before the commencement of the Finance Act, 2021.

Applicable with retrospective effect from AY 2021-22

- To align the scheme of search assessments with the scheme of regular assessment/ reassessment, it is proposed to make suitable amendments-
  - for completion of assessment under old search provisions with that of regular assessment/reassessment.
  - for replacing assessment order passed under old search provisions, with order passed under regular assessment/ reassessment.

- to provide for order of assessment/ reassessment or re-computation in search cases, not be passed by an AO below the rank of JC, except with prior approval.
- to make amendment under Section 153/153B of the IT Act to provide for exclusion of period of limitation for assessment/ reassessment or re-computation in search cases, upto 182 days.
- To bring clarity in the existing reassessment provisions, it is proposed to:
  - Amend Explanation 1 to section 148, to expand scope of information with AO, as to include in addition to audit objection, any information received from a foreign jurisdiction under an agreement (DTAA) or directions contained in a court order, or information received under Faceless collection of information scheme (section 135A).

- Amend section 149(1), to expand the scope of instances qualifying as escapement of income for reassessment, to include in addition to the form of asset, expenditure item or accounting entries recorded in the books being INR 5 million or more.
- Insert subsection (1A) to section 149, to provide that notice would be issued for every AY.
- Amend proviso to section 148A, to exclude applicability of provisions of section 148A shall in cases where the AO has received any information relating to income chargeable to tax escaping assessment with regard to Faceless collection of information scheme under section 135A of IT Act.

Applicable with effect from AY 2022-23

# Rationalization of Provisions



## ➤ **Revision of order of the Transfer Pricing officer**

- Provisions of section 263 provide for revision of order which is erroneous, being prejudicial to the interest of revenue.
- To eliminate the ambiguity regarding transfer pricing matters, it has been proposed to amend the provisions of section 263 of the IT Act, to provide that the Principal Chief Commissioner or the Chief Commissioner or the Principal Commissioner or Commissioner with the jurisdiction of transfer pricing, would have the power to revise the order of TPO, which is erroneous, being prejudicial to the interest of revenue.
- It has been proposed to amend section 153 of the IT Act, to provide that the AO would within 2 months, from the end of the month in which the order of TPO is received by him, modify the assessment/ re-assessment orders, in conformity of

TPO order giving effect to an order/direction under section 263.

Applicable with effect from AY 2022-23.

## ➤ **Refund application before AO**

- Section 248 of the IT Act provided for an option to taxpayer who bears the tax on payment (other than interest) made to a non-resident under section 195 of the IT Act, to file an appeal with CIT(A) within 30 days, giving a declaration/ claim that no tax was deductible on such payment.
- However, to obtain the refund on such payment, the taxpayer did not have any option to approach the AO.
- To facilitate the refund of such excess tax withheld by a taxpayer, it is now proposed to repeal Section 248 and introduce Section 239A under the IT Act which will provide that an application for refund may be filed before the tax officer first, and if aggrieved by the action of the

AO, he can follow the normal procedure of filing appeal before CIT(A).

Applicable on payments made on or after April 1, 2022.



# Rationalization of Provisions



## ➤ **Cash credits under Section 68**

- Section 68 of the Act deals with the taxability of sums credited in the books of the taxpayer wherein the onus of satisfactorily explaining such credits remains on the person in whose books such sum is credited. If such person fails to offer an explanation or the explanation is not found satisfactory, then the sum is added to the total income of the person.
- In order to discourage the practice of conversion of unaccounted money by showing credits in books of account by way of any loan or borrowing by the taxpayers, it has been proposed to amend the provisions of Section 68 of the Act so as to provide that the nature and source of any sum, whether in form of loan or borrowing, or any other liability shall be treated as explained only if the source of funds is also explained in the hands of

the creditor or entry provider (except where such creditor is a Venture Capital Fund, Venture Capital Company registered with SEBI)

Applicable with effect from AY 2023-24.

## ➤ **Identical question of law pending before High Court/ Supreme Court**

- Earlier Section 158AA provided for deferral of appeal filing by Income Tax department, if an identical issue is pending before SC, till final disposal of such appeal by SC (subject to concurrence of the Assessee about question of law being identical).
- To reduce litigation, it has now been proposed to insert section 158AB, which would provide for non-filing of appeal before the ITAT/ jurisdictional HC, in case of identical question of law in own case or in case of any other Assessee, which is pending before the

Jurisdictional HC or SC, against the order of ITAT/ jurisdictional HC till the final disposal.

- The approval for deferral will now be provided by a Collegium of 2 or more PCITs/ CCITs, as notified by the CBDT as against approval by jurisdictional CIT/ PCIT.
- Accordingly, sunset clause is proposed to discontinue the existing provisions of section 158AA of the IT Act.

Applicable with effect from AY 2022-23.



# Rationalization of Provisions



## ➤ Charitable Trust and Institutions

Income of trusts/institutions is exempt from tax under two regimes:

- Under clause 23C of section 10 of the IT Act (first regime), and
- Under section 11 and 12 of the IT Act (second regime).

Various amendments have been proposed to rationalize the provisions of both the exemption regimes.

### Amendments related to both regimes

- It has been proposed that books of account shall be maintained by trusts/institutions under both regimes where total income without giving effect to the exemption provisions exceeds the maximum amount not chargeable to tax.

- A new section 271AAE has been proposed to levy penalty under both regimes, on trusts/ institutions that violate the provisions relating to application of income of the trust/institution by misusing the funds for the benefit of the specified persons.
  - Where the violation is noticed for the first time, the penalty shall be 100% of the aggregate amount of funds applied for the benefit of specified person. Where the violation is noticed again in any subsequent year the penalty shall be 200% of the aggregate amount of funds applied for the benefit of specified person.
  - Further such penalty shall be in addition to any other penalty leviable under the IT Act.
- To streamline the issues in relation to registration or approval of non-genuine trusts or institution under automated

approval system, differences in the provisions related to reference for the cancellation of trusts under the both the regimes and no prescribed time limit for the PCIT/CIT to decide on references for the withdrawal of approval following amendments have been proposed:

- A unified procedure under both the regimes for the cancellation/withdrawal of registration/provisional registration granted.
- The term “specified violation” resulting in the cancellation/withdrawal of registration /provisional registration has been defined.
- The time limit for the issue of the cancellation/withdrawal order has also been prescribed.

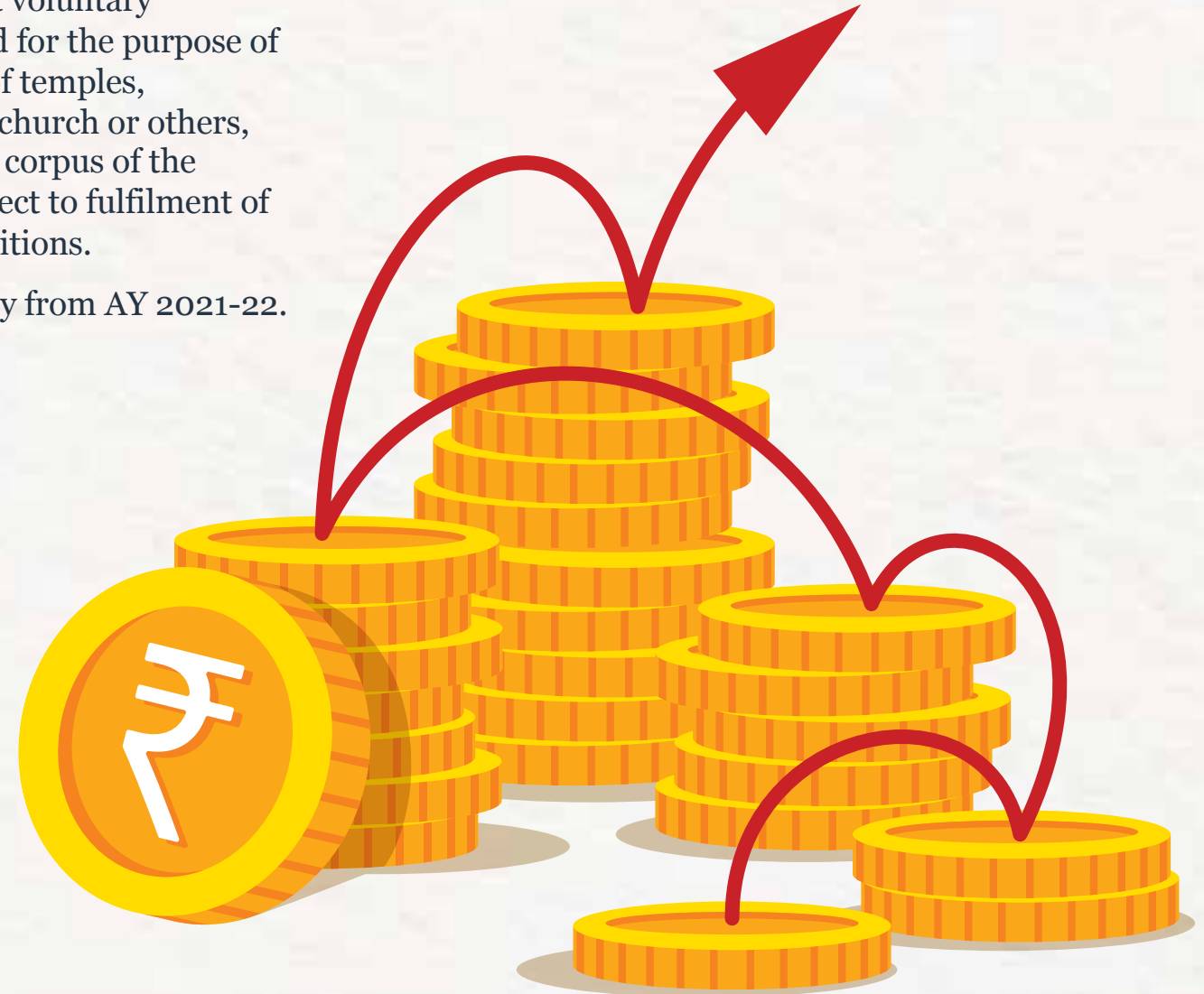
# Rationalization of Provisions



- Provisions related to both regimes have been proposed to be amended to provide that if the accumulated income is not applied within 5 years, the same shall be taxed in the 5th year itself.
  - Clarity provided for allowance of certain specified expenditure in cases of denial of exemption of income of trust/ institution under both regimes.
  - Provisions introduced under both regimes to provide for taxability of income applied in violation of the specified provisions under the said regimes at a special rate of 30%. Further clarity provided for taxability of such incomes under both regimes.
  - It has been clarified that application of income under both regimes shall be allowed only when it is actually paid.
- It has been proposed to amend both regimes to provide that trust/ institution, may at its option treat voluntary contributions received for the purpose of renovation or repair of temples, mosques, gurdwaras, church or others, as forming part of the corpus of the trust/ institution subject to fulfilment of certain specified conditions.

Applicable retrospectively from AY 2021-22.

Applicable with effect from AY 2023-24.



# Amendments related to first regime



- Provisions related first regime have been proposed to be amended to provide for exemption of income of trust/ institution where 85% of income is not applied, subject to prescribed conditions.
- Provisions related to first regime have been proposed to be amended to provide any income or property of the trust/institution applied directly or indirectly for the benefit of specified persons, shall be deemed to the income of the trust/ institution in the year in which it is so applied.
- Provisions related to taxability of income of trust/ institution under the second regime, which are attracted when such entity is converted into non-charitable organization, or gets merged with non-charitable organization, or gets merged with a non-charitable organization/ charitable organization with dissimilar object, would apply to the first regime as well.

- It has been proposed that exemption under the first regime would not be available to a trust/institution which does not furnish its return of income within the statutory timelines provided under the IT Act.

Applicable with effect from AY 2023-24.

## ➤ **Penalty provisions**

- Section 271AAB, 271AAC and 271AAD of the IT Act currently empowers only Assessing officer to levy penalty in case of undisclosed income, unexplained cash credits or expenditure, or deliberate falsification or omission in books of accounts.
- To provide deterrence against non-compliance by Taxpayers, it has been proposed to make amendment enabling Commissioner (Appeals) to levy penalty along with the Assessing Officer under the aforesaid sections

Applicable with effect from AY 2022-23.

## ➤ **Penalty for failures to answer questions, furnishing information**

- Penalty for failure to answer questions, sign statements, furnish information, returns or statements, allow inspections etc. has been proposed to increase from INR 100 to INR. 500 per day until the failure continues.

Applicable with effect from AY 2022-23.

## ➤ **Alignment of provisions relating to offences and prosecution**

- Amendment is now proposed to include a sunset clause by making provisions of section 276AB inapplicable from April 1, 2022 in line with the provisions pertaining to purchase by central government of immovable properties in certain cases which were made inapplicable with effect from July 01, 2002.

Applicable with effect from AY 2022-23.

# Amendments related to first regime



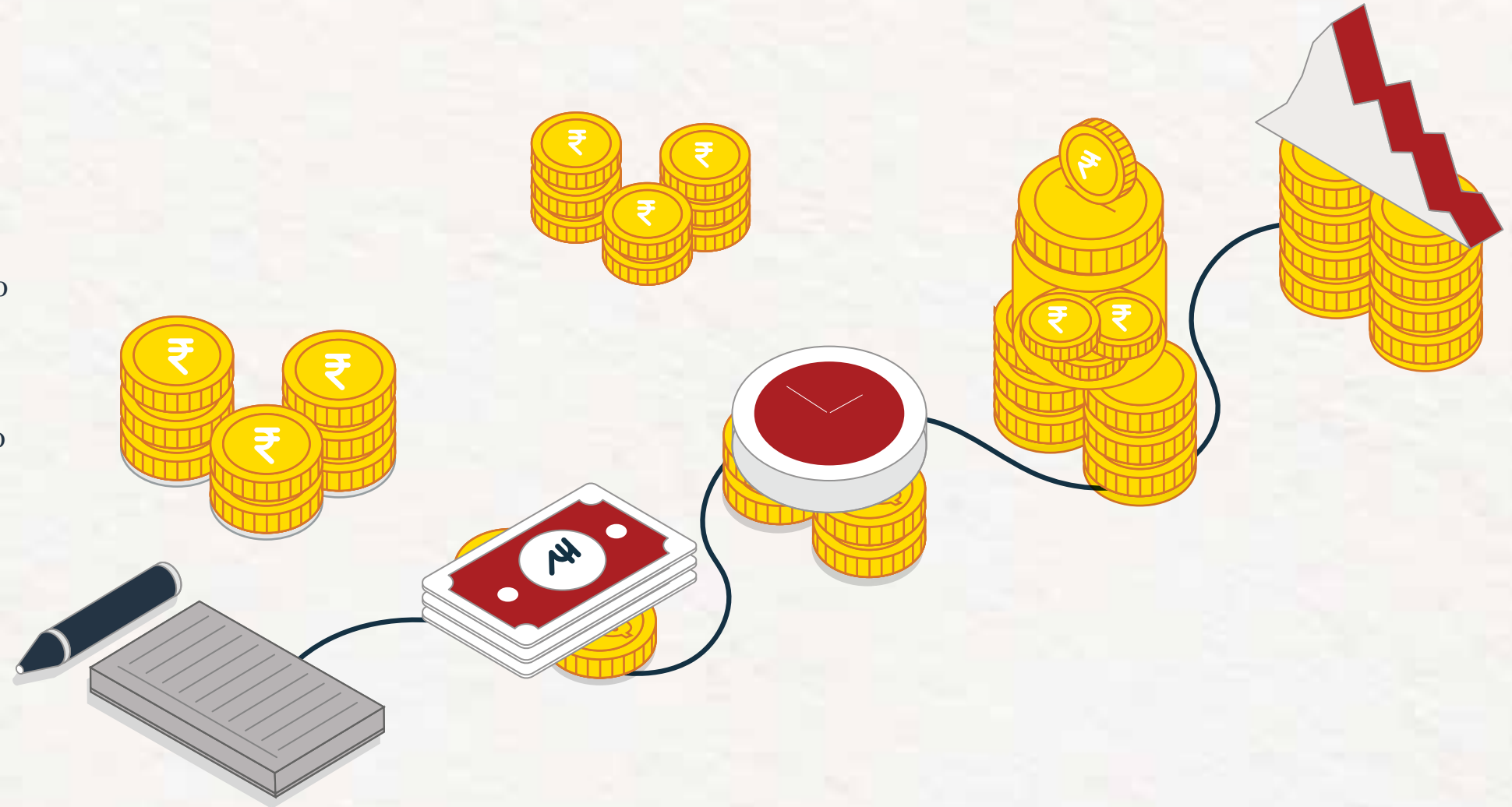
- Section 271C and 276B has been proposed to be amended to include non-deduction of tax on winnings from lottery or crossword puzzles.

Applicable with effect from AY 2022-23.

## ➤ **Prosecution on failure to pay tax collected at source**

- Currently, Sections 278A and 278AA only provide for prosecution for failure to pay tax to the credit of central government for tax deducted at source.
- It has now been proposed to include Section 276BB for offence with respect to tax collected at source

Applicable with effect from AY 2022-23.



# TDS/TCS provisions



## ➤ **Amendments in Section 206AB and 206CCA**

- With an intent to widen the tax base, Finance IT Act 2021 had introduced Sections 206AB and 206CCA to deduct/collect taxes at a higher rate in case of ‘specified persons ‘.
- It has been proposed to amend the definition of ‘specified persons’ to mean a person who has not filed its return of income for the AY immediately preceding the FY in which tax is to be deducted/ collected, where the amount of tax deducted/collected is INR 0.05 Million or more.
- Individual and HUFs for whom simplified tax deduction system has been provided without requirement of TAN to be exempt from the provisions of section 206AB.
- Further the words ‘filed return of income’ have been replaced with

‘furnished return of income’ as returns are now being furnished electronically.

Applicable with effect from AY 2022-23.

## ➤ **TDS on sale of immovable property**

- With an aim to streamline provisions of section 194-IA with sections 43CA and section 50C of the IT Act, wherein, for the computation of income under the head “Profits and gains from business or profession” and “capital gains” respectively, the stamp duty value is also considered, it has been proposed that in the case of transfer of an immovable property, tax is to be deducted at 1% of such sum paid or credited to the resident or the stamp duty value of such property, whichever is higher.
- In case the consideration paid for the transfer of immovable property and the stamp duty value of such property are

both less than INR 5 Million, then no tax is to be deducted under section 194-IA.

Applicable with effect from AY 2022-23.

## ➤ **TDS on benefit or perquisite arising from carrying a business or profession**

- To widen and deepen the tax base, a new section 194R of the Act has been proposed to provide that person responsible for providing to a resident any benefit or perquisite arising from business or exercise of profession to deduct tax @ 10% on the aggregate value of such benefit or perquisite exceeding INR 0.025 million during the financial year.
- Further, the provisions of this section will not be applicable in case where benefit or perquisite is provided by an individual or a HUF, whose total sales, gross receipts or turnover does not



# TDS/TCS provisions



exceed INR 10 million in case of business or INR 5 million in case of profession during the FY immediately preceding the FY in which such benefit or perquisite is provided.

Applicable with effect from July 1, 2022.

- **Assessing Officer to compute interest for failure to deduct/collect tax**
- It has now been proposed that Interest liability for failure to deduct/ collect or payment of tax at source to be as per the order issued by Assessing Officer.

Applicable with effect from AY 2022-23.



# Extension of timelines



## ➤ Extension of the last date for commencement of manufacturing or production

- Section 115BAB of the Income-tax Act provides for an option of concessional tax rate @ 15 % for new domestic manufacturing companies subject to not availing any specified incentives or deductions and fulfilling certain conditions.
- In order to provide the relief to domestic companies for delay in commencement of manufacturing or production, owing to prolonged effect of Covid-19 pandemic, it has been proposed to extend the last date of commencement of manufacturing or production by one year from March 31, 2023 to March 31, 2024.

Applicable with effect from AY 2022-23.

## ➤ Extension of last date of incorporation for eligible Start-up

- For promoting and stimulating growth through new ideas, 100% of profits and gains derived from an eligible business by an eligible start up is allowed as deduction under section 80-IAC of the IT Act, for 3 consecutive years out of 10 years at the option of Assessee.
- The above deduction is allowed provided that turnover of the business does not exceed INR 1,000 million in the previous year and eligible start up is incorporated on or after April 1, 2016 but before April 1, 2022 subject to other conditions.
- In the wake of COVID-19 pandemic and to pass on the benefit at large, it has been proposed to extend the outer date of incorporation by 1 year to March 31, 2023.

Applicable with effect from AY 2022-23.

## ➤ Faceless Schemes under the IT Act

- It has been proposed to extend the due date for issuing faceless schemes for transfer pricing, international taxation cases, and Appellate Tribunal to March 31, 2024.

Applicable with effect from AY 2022-23.



# International Tax



## ➤ Tax incentives to International Financial Services Centre ('IFSC') and non-residents

- Units in IFSCs have been provided various incentives in the past. To further promote operation from IFSCs, few additional incentives have been provided as under.
- Following incomes are now proposed to be considered as exempt in the hands of non-residents:
  - Income from transfer of offshore derivative instruments or over-the-counter derivatives entered into with an Offshore Banking Unit of an IFSC.
  - Income by way of royalty or interest from leasing of a ship, paid by a unit of an IFSC provided the unit commenced its operations on or before the 31st March, 2024. Definition of ship has also been inserted under the explanation to this section.
- Income from portfolio of securities or financial products or funds, managed or administered by any portfolio manager on behalf of such non-resident, in an account maintained with an Offshore Banking Unit to the extent income accrues outside India only.
- Benefits provided for units of IFSC:
  - Amendment in section 56(2viib) of the IT Act - Excessive share premium (more than FMV) received by Category I or a Category II Alternative Investment Fund which is regulated under the IFSC Authority Act, 2019 shall not be considered as income from other sources of the Fund.
  - Apart from deduction provided on income from transfer of an aircraft as introduced last year, income from transfer of ship which was leased by an IFSC to any person shall also be deductible subject to the conditions of Section 80LA of the IT Act.



# Taxability of Virtual Digital Assets



## ➤ Taxability on transfer of virtual digital assets

- A new Section 115BBH under the IT Act which provides for taxes on Income from virtual digital assets has been introduced which states the following:
  - Any Income from transfer of virtual digital assets shall be taxable at the rate of 30%.
  - Income from transfer would be the consideration for transfer less cost of acquisition. No other expenditure or allowance or set off of any loss shall be allowed from such income.
  - No set off of any loss arising from such transfer shall be allowed against any income computed under any other provisions of the IT Act and such loss cannot be carried forward to future years.
- Virtual Digital Assets” have been defined under Section 2(47A) of the IT Act to mean
  - any information or code or number or token, generated through cryptographic means or otherwise
  - providing a digital representation of value
  - can be transferred, stored or traded electronically
  - non fungible tokens
  - other assets as may be notified by the government
- Further, to provide for taxing the gifting of virtual digital assets, it has also been proposed to amend Explanation to clause (x) of sub-section (2) of section 56 of the IT Act to inter-alia, to provide that for the purpose of the said clause, the expression “property” shall have the meaning assigned to it in Explanation to clause (vii) and shall include virtual digital asset.
- Additionally, Section 194S has been inserted under the IT Act to provide for TDS on payment for transfer of virtual digital asset to a resident at the rate of 1% w.e.f. July 1, 2022. The section also provides for applicability of TDS based on situations where payment is partly or wholly in kind or by way of exchange of virtual digital assets. The section provides for a general threshold of INR 0.01 million for deduction of TDS. Further an enhanced threshold limit of INR 0.05 million is applicable where the payer is an individual/ HUF, not having any income chargeable under the head ‘business or profession’ or even if has income under the head ‘business or profession’, total turnover from business does not exceed INR 10 million/ gross receipts from profession does not exceed INR 5 million, during the year immediately preceding the financial year in which such virtual digital asset is transferred or do not have income under head PGBP.

Applicable with effect from AY 2023-24

# Capital Gains



## ➤ Reduction of goodwill from block of assets is transfer

- In furtherance to the amendment made through Finance Act, 2021 for 'Goodwill' of a business or profession not considered a depreciable asset, it has been proposed to amend Section 50 of the IT Act to clarify that reduction of the amount of goodwill of business or profession, from the block of asset shall be deemed to be transfer.

Applicable retrospectively with effect from AY 2021-22.

## ➤ Definition of term Slump Sale

- It has been proposed to carry out amendment in section 2(42C) of IT Act, to substitute the word 'sales' with the word 'transfer' to rectify the error.

Applicable with retrospective effect from AY 2021-22.



# Miscellaneous



## ➤ **Assessment of successor entity subsequent to business reorganization**

- Section 170 provides the procedure for taxation in case of succession, re-organization or restructuring of business. The process of succession, re-organization or restructuring is long-drawn and not time bound.
- To address the issue of assessments completed on the predecessor being held as invalid for the reason that predecessor ceased to exist by the time the assessments were completed (given the long-drawn process), it has been proposed to clarify that assessment proceedings completed on predecessor during reorganization shall be deemed to have been made on the successor.
- To address the issues arising due to the gap between the date on which the order of tribunal/ court in respect of business

reorganization is issued and the date of effectivity of such order, it is proposed to insert section 170A which would allow the successors to file modified returns for period between date of effectivity of the order and date of issuance of final order by competent authority.

- Further it has been proposed to insert section 156A, specifying the procedure to modify income-tax demands which have been modified in the course of restructuring process by competent authority from the income-tax outstanding demand register.

Applicable with effect from AY 2022-23.

## ➤ **Amendment in the provisions of Section 119 of the IT Act**

- Considering the genuine hardships faced by certain classes of Taxpayer in filing the return within the stipulated due date and to not impose fee for default in

furnishing return of income in genuine cases, it has been proposed to amend Section 119 of the IT Act and include Section 234F of the IT Act in the list of sections mentioned therein.

Applicable with effect from AY 2022-23.

## ➤ **Withdrawal of Exemption**

- From April 1, 2022, the benefits of exemptions provided under section 10 (8), (8A), (8B) and (9) of the IT Act shall stand withdrawn considering such exemptions have outlived their utility.

# Miscellaneous



## ➤ **Widening the scope of reporting by producers of cinematograph films or persons engaged in specified activities**

- Section 285B of the IT Act, requires producers of cinematograph films to file statement providing details of payments over INR 0.05 million in aggregate to persons engaged by him.
- It has been proposed to widen the scope of section 285B to include persons engaged in event management, documentary production, production of programs for telecasting on television or over the top platforms or any other similar platform, sports event management, other performing arts to comply with reporting requirements as per the said section.

Applicable with effect from AY 2022-23.

## ➤ **Amendment in Section 245MA related to DRC**

- The DRC was constituted under section 245MA vide Finance Act, 2021.
- Enabling provisions are now being proposed for the AO to pass final order in conformity with DRC directions

Applicable with effect from AY 2022-23.



# Indirect Tax Proposals



*Being green is more than just buying 'eco'. It is an unshakable commitment to a sustainable lifestyle.*

Jennifer Nini



# Customs



## ➤ **Legislative changes in the Customs Act**

- **Amendment in Power of Officers of Customs**
  - Provision conferring powers for assignment of function to officers of Customs as 'proper officers' by the Board or by the Principal Commissioner of Customs or Commissioner of Customs inserted to correct the infirmity observed by the Courts in recent judgments under Customs Law
  - Criteria which the Board may adopt while imposing limitations or conditions or while assigning functions to the officer of Customs proposed to be defined
  - For the proper management of work, two or more officers of customs, can concurrently exercise powers and functions (eg. faceless assessment)
- Officers of DRI, Audit and Preventive formation included in the definition of Classes of officers of customs.

This amendment has been made to remove any ambiguity as regards the class of officers of Customs

- To address the issue of undervaluation in imports, provision in relation to valuation of goods amended to enable the Board to specify the following:
  - additional obligations of the importer in respect of a class of imported goods whose value is not declared correctly;
  - the criteria of selection of such goods; and
  - the checks in respect of such goods.
- **Provisions in relation to Advance Ruling under Customs**
  - Provisions of Advance Ruling amended to omit the explanation in relation to "Joint venture in India". Further, meaning of "non-resident", "Indian Company" and "foreign company" was earlier derived from Income tax Act, 1961, same is now omitted

- Provision amended to prescribe appropriate fee by Board relating to application for advance ruling. Flexibility provided to the applicant to withdraw his application at any time before a ruling is pronounced instead of the current 30 days' time period
- Provision amended to omit the requirement of signing of copy of the Advance Ruling pronounced by the Authority by the 'Member' of the appellate authorities (member includes the chairperson)
- Advance ruling pronounced under Custom Law is now valid for 3 years or till there is a change in law or facts on the basis of which the advance ruling has been pronounced, whichever is earlier (previously time limitation of 3 years was not specified)

# Customs



- For advance rulings in force on the date on which the Finance Bill, 2022 receives assent of the President, the said period of three years to be reckoned from the date on which the Finance Bill receives assent of the President
- Power to reassessment, adjudications, refund etc. consequent to the completion of subsequent inquiry, investigation, audit or any other purpose, etc. on an original proceeding by any other officer of customs lies with the officer, who originally exercised such jurisdiction
- Publishing of the import and export data submitted to Customs by importers or exporters in their declarations, as an offence under Customs Law (unless provided by the law)
- **Miscellaneous legislative changes**
  - Duty Concessions on specified items when imported by bonafide exporters
    - a scheme for duty-free imports for the purpose of use in goods meant for export, based on end-use monitoring introduced
    - requirement of exporting value added products manufactured using inputs imported under these exemptions, within a period of six months
    - Importer required to follow the procedure under the IGCR Rules
  - Customs IGCR Rules amended to provide the following:
    - introduction of end to end automation in the entire process
    - Standardizing and notifying the various forms in which details are to be submitted electronically.
    - leveraging the advantage of such submissions electronically
    - for effective monitoring of the use of goods for the intended purposes, a Monthly Statement to be submitted by the importer on the Common Portal
  - option for voluntary payment of the necessary duties and interest, through the Common Portal provided to the importer
  - Amendments made in the provision relating to ADD, CVD, Safeguard measures to provide for:
    - ADD permanently revoked, on imports of the following:
      - ❖ Straight Length Bars and Rods of alloy-steel, originating in or exported from China
      - ❖ High Speed Steel of Non-Cobalt Grade, originating in or exported from Brazil, China and Germany
      - ❖ Flat rolled product of steel, plated or coated with alloy of Aluminum or Zinc, originating in or exported from China, Vietnam and Korea RP

# Customs



- CVD permanently revoked on imports of Certain Hot Rolled and Cold Rolled Stainless Steel Flat Products, originating in or exported from China
  - Exemption from Health Cess, AIDC and RIC in following cases:
    - Import of Specified free gifts, donations, relief and rehabilitation material imported by Charitable organizations, Red Cross Society, CARE and Government of India
    - Transshipment of specified goods either imported from foreign country for export to Bhutan/Nepal, all goods imported from Bhutan/Nepal for export to other countries and certain other specified goods
    - Imports of the specified goods from Bhutan, Bangladesh and China
  - Exemption from AIDC in following cases:
    - Import of specified goods imported from Nepal
    - Imports of specified goods locally produced in border districts of Bangladesh
  - Exemption to drugs or medicines, falling under Chapter 30 or Heading 9804 of the First Schedule to CTA, used for the treatment of rare diseases, when imported by specified Centre of Excellence or any other person/ institution on its recommendation
- **Changes in the Customs Tariff**
- Effective May 1, 2022, Custom Tariff structure simplified by incorporating the effective rates in the First Schedule of the CTA. During the period February 2, 2022 till April 30, 2022, the existing rates would continue to operate through notifications, which would be omitted on May 1, 2022
  - Certain new concessional rates effective May 1, 2022 prescribed through the notifications, which would be incorporated in the First Schedule of the CTA
  - Amendments proposed in the Finance Bill, 2022, to align the Indian Tariff with the Complementary Amendments to the HS-2022 published by WCO, as signatory to HS Convention. These complementary amendments include minor changes across chapters in the Tariff, aimed at bringing greater clarity to the HS. Further, New Tariff entries introduced by accommodating the requests from different Ministries and Departments
  - Rationalization of the exemption provided for goods used in petroleum operations as specified in List 33 under S. No. 404 of Notification No. 50/2017. The requirement of producing a certificate from Directorate General of Hydrocarbons (DGH) for import or each transaction under this entry has been dispensed with. The list of items falling under List 33 has been pruned down and have been made more specific by prescribing the concerned HS Codes
  - SWS has been granted/ omitted on certain items vide notifications effective from February 2, 2022

# Customs



## ➤ Key Changes in BCD Rate

- Tariff rate changes for BCD to be effective from February 2, 2022, unless otherwise specified

S. No.	Tarrif item	Commodity	Rate of Duty	
			From	To
Electrical and Electronic items				
1	8518 21 8518 22 8518 29	Single or multiple loudspeakers, whether or not mounted in their enclosures  <b>Note: Effective BCD rate on these goods, other than hearable devices would continue to be '15%'. BCD rates on hearable devices will be governed by the Phased Manufacturing Program [PMP]</b>	15%	20%
2	8518 30	Headphones and earphones, whether or not combined with a microphone, and sets consisting of a microphone and one or more loudspeakers  <b>Note: Effective BCD rate on these goods, other than hearable devices would continue to be '15%'. BCD rates on hearable devices will be governed by the Phased Manufacturing Program[PMP]</b>	15%	20%

# Customs



3	9028 30 10	Smart Meters  <b>Note: Effective BCD rate on these goods would continue to be '15%' till March 31, 2022</b>	15%	25%
4	9028 90 10	Printed Circuit Board Assembly of Smart Meters  <b>Note: Effective BCD rate on these goods would continue to be '7.5%' till March 31, 2022</b>	10%	20%
<b>Solar Energy Sector</b>				
5	8541 42 00	Solar Cells (other than those exclusively used with ITA-1 items)  <b>Note: Effective BCD rate on these goods would continue to be 'Nil' till March 31, 2022</b>	20%	25%
6	8541 43 00	Solar Modules (other than those exclusively used with ITA-1 items)  <b>Note: Effective BCD rate on these goods would continue to be 'Nil' till March 31, 2022</b>	20%	40%



# Customs



## ➤ Review of Customs Duty Concessions / Exemptions

- Customs duty rate structure on capital goods and project imports reviewed and exemption on capital goods/ project imports to be phased out in a gradual manner. However, certain exemptions on capital goods would continue
- BCD exemption available previously on certain goods are withdrawn from the dates as mentioned against each entry. Key changes in the exemption notification have been summarized below:

S. No.	S. No. of Notification No. 50/2017	Description / HS Code
1	400 [w.e.f April 1, 2023]	Goods such as Machinery for garment sector, Machinery for manufacture of technical textiles, Woollen machinery items, Machinery for manufacture of non-wovens textiles, Machinery for manufacture of denim fabrics, Machinery for use with shuttleless looms etc. as specified in List 12 to the notification No. 50/2017-Customs, and parts for their manufacture for use in textiles industry.
2	397 [exemption is phased out as per dates specified]	Goods specified in List 10 required for use in high voltage power transmission project <ul style="list-style-type: none"><li>• Concessional BCD rate to be withdrawn for 13 items [List10 in the notification] that include Transformers, Reactor, Circuit Breaker etc. [w.e.f April 1, 2022]</li><li>• Concessional BCD rate to be withdrawn for the remaining items such as High Voltage DC Divider and CT, HighVoltage DC Reactor, High TRV Circuit Breaker for HighVoltage DC application, Optical Current Transformer etc. in this entry. [w.e.f April 1, 2023]</li></ul>

# Customs



3	405 [exemption is phased out as per dates specified]	<p>Wind operated electricity generators, its parts and raw material, thereof</p> <ul style="list-style-type: none"> <li>• Concessional BCD rate to be withdrawn for item No. (1) &amp; (3) of this entry that include wind operated electricity generators (WOEG) upto 30 kW, wind operated battery chargers upto 30kW and blades for the rotors f WOEG [w.e.f April 1, 2022]</li> <li>• Concessional BCD rate to be withdrawn for the remaining items, such as parts of wind operated electricity generators including special bearings, gear box, yaw components, wind turbine controllers etc. and parts thereof and parts of blades, raw materials of blades etc. in this entry. [w.e.f April 1, 2023]</li> </ul>
4	403 [w.e.f April, 1 2023]	<p>Parts and raw materials for manufacture of goods to be supplied in connection with the purposes of off- shore oil exploration or exploitation</p>
5	409 [ exemption is phased out as per dates specified]	<p>Goods specified in List 13 required for setting up crude petroleum refinery</p> <ul style="list-style-type: none"> <li>• Concessional BCD rate to be withdrawn for 11 items of List 13 that include utility systems, water treatment systems, air handling systems, boilers etc. [w.e.f April 1, 2022]</li> <li>• Concessional BCD rate to be withdrawn for the remaining items such as all types of Refinery Process Units, All types of Hydrogen Generation, Recovery and Purification Plants, All types of Process Subsystems, All types of Effluent Solids/Liquids/Gaseous Processing etc. in this S. No. [w.e.f April 1, 2023]</li> </ul>

# Customs



6	410 [w.e.f April 1, 2022]	Kits and its parts required for the conversion of motor- spirit or diesel driven vehicles into Compressed Natural Gas driven or Propane driven or Liquefied Petroleum Gas driven vehicles
7	455 [w.e.f April 1, 2022]	Machinery or equipment for effluent treatment plant for leather industry
8	444 [w.e.f April 1, 2023]	Geothermal ground source heat pumps
9	597, 598, 599, 600, 601, 602, 603, 604, 605, 606	<ul style="list-style-type: none"><li>• Project Imports for project such as<ul style="list-style-type: none"><li>○ Power Projects, including Nuclear and Solar Power (ii) Coal Projects</li><li>○ Gas Projects</li><li>○ Iron Ore Projects</li><li>○ Water Supply Projects</li><li>○ Mandi and Warehousing Projects for Food Grains</li><li>○ Other Projects</li></ul></li><li>• New projects registered after September 30, 2022 under project imports will attract 7.5% BCD rate with change in BCD Tariff rate to 7.5%.</li><li>• Existing projects registered till September 30, 2022 under project imports will be grandfathered till 30 September 2023 attracting old BCD rates of 0%/2.5%/5% as applicable.</li><li>• After September 30, 2023, all projects registered under project imports will attract 7.5% BCD rate.</li></ul>



# Customs



- BCD exemption previously available on certain goods are withdrawn with immediate effect (i.e. effective February 2, 2022). Key changes have been summarized below:

S. No.	S. No. of Notification No. 50/2017	Description / HS Code
<b>Entries to be immediately omitted</b>		
1	151	Kerosene imported by the Indian IOCL, BPCL, HPCL and IBP Company Limited for ultimate sale through the Public Distribution System
2	173	Goods used in manufacture of telecommunication grade impregnated glass reinforcement roving, namely: E-glass roving/ yarn, liquid absorbent polymer, polyurethane polymer and vinyl polymer
3	402	Goods, for use in the manufacture of static converters of automatic data processing machines: PCBA, Transformer, Battery and Copper enameled wires
4	403 [w.e.f April, 1 2023]	Parts and raw materials for manufacture of goods to be supplied in connection with the purposes of off- shore oil exploration or exploitation

# Customs



5	409 [exemption is phased out as per dates specified]	<p>Goods specified in List 13 required for setting up crude petroleum refinery</p> <ol style="list-style-type: none"> <li>1. Concessional BCD rate to be withdrawn for 11 items of List 13 that include utility systems, water treatment systems, air handling systems, boilers etc. [w.e.f April 1, 2022]</li> <li>2. Concessional BCD rate to be withdrawn for the remaining items such as all types of Refinery Process Units, All types of Hydrogen Generation, Recovery and Purification Plants, All types of Process Subsystems, All types of Effluent Solids/Liquids/Gaseous Processing etc. in this S. No. [w.e.f April 1, 2023]</li> </ol>
6	410 [w.e.f April 1, 2022]	Kits and its parts required for the conversion of motor- spirit or diesel driven vehicles into Compressed Natural Gas driven or Propane driven or Liquefied Petroleum Gas driven vehicles
7	455 [w.e.f April 1, 2022]	Machinery or equipment for effluent treatment plant for leather industry
8	444 [w.e.f April 1, 2023]	Geothermal ground source heat pumps



# Customs

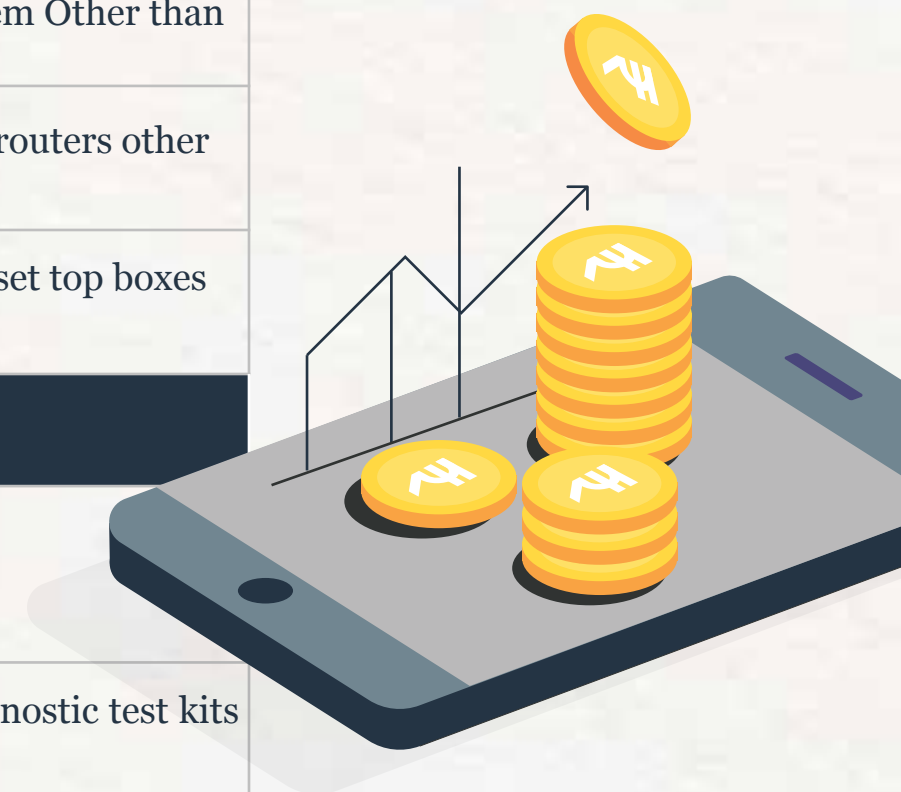


9	597, 598, 599, 600, 601, 602, 603, 604, 605, 606	<ul style="list-style-type: none"> <li>• Project Imports for project such as             <ul style="list-style-type: none"> <li>○ Power Projects, including Nuclear and Solar Power</li> <li>○ Coal Projects</li> <li>○ Gas Projects</li> <li>○ Iron Ore Projects</li> <li>○ Water Supply Projects</li> <li>○ Mandi and Warehousing Projects for Food Grains</li> <li>○ Other Projects</li> </ul> </li> <li>• New projects registered after September 30, 2022 under project imports will attract 7.5% BCD rate with change in BCD Tariff rate to 7.5%.</li> <li>• Existing projects registered till September 30, 2022 under project imports will be grandfathered till September 30, 2023 attracting old BCD rates of 0%/2.5%/5% as applicable.</li> <li>• After September 30, 2023, all projects registered under project imports will attract 7.5% BCD rate.</li> </ul>
<b>Entries omitted in the nature of technical change</b>		
10	466	Parts/ sub-parts, components or accessories for use in the manufacture of tablet computer.
11	485	Deflection components for use in colour monitors for computers or for use in PCBs of colour monitors for computers

# Customs



12	496	Stepper Motors for use in the manufacture of goods falling under heading 8471
13	505	Parts of Set-top box for use in its manufacture
14	506	Parts/sub-parts, components for use in manufacture of broadband modem Other than PCBA, charger.
15	507	Parts/ sub-parts, components and accessories for use in manufacture of routers other than PCBA, charger.
16	508	Parts/ sub-parts, components and accessories for use in manufacture of set top boxes for gaining access to internet other than PCBA, charger.
<b>Entries with partial changes</b>		
17	166	<ul style="list-style-type: none"> <li>• Drugs, medicines, diagnostic kits or equipment specified in List 3.</li> <li>• Bulk drugs used in the manufacture of drugs or medicines at (A)</li> </ul>
18	167	<ul style="list-style-type: none"> <li>• Lifesaving drugs/medicines including their salts and esters and diagnostic test kits specified in List 4.</li> <li>• Bulk drugs used in the manufacture of drugs or medicines at (A).</li> </ul>



# Customs



19	404	<p>Goods required in connection with Petroleum operations.</p> <p>[Rationalization of the exemption provided for goods used in petroleum operations as specified in List 33 under S. No. 404, and simplification of the associated condition no. 48 for availing such exemption and disposal of such goods]</p> <p>Note: A definition has been provided for a licensee, lessee, contractor or sub-contractor for the purpose of this entry. Also, the requirement of producing a certificate from Directorate General of Hydrocarbons (DGH) for import or each transaction under this entry has been dispensed with.</p> <p>Further, the list of items falling under List 33 has been pruned down and have been made more specific by prescribing the concerned HS Codes.</p>
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- Changes in effective BCD rates in respect of PMP of parts of manufacture of wearable devices (smart watches):

S. No.	Chapter, heading, sub-heading, or tariff item	Commodity	From	To			
				2022-23	2023-24	2024-25	2025-26
1	8517 79 10	Printed Circuit Board Assembly (PCBA)	NIL	NIL	10%	15%	15%
2	8544	Charging Cable	10%	NIL	5%	10%	15%

# Customs



3	39, 73, 85	Specified parts of wearable devices	As per CTH	NIL	5%	10%	15%
4	850760 00/ 8507 80 00	Battery	15%	NIL	5%	10%	15%
5	8517 79 90	Display Assembly	NIL	NIL	NIL	5%	10%
6	8501	Vibrator Motor	10%	10%	10%	10%	10%
7	Any Chapter	Parts, sub-parts, and raw materials for use in the manufacture of the S. Nos 1 to 6 above	As per CTH	NIL	NIL	NIL	NIL
8	8517 62 90	Wrist Wearable Devices (Commonly known as Smart Watches)	20%	20%	20%	20%	20%



# Excise Duty



- Imposition of additional Basic Excise Duty on unblended petrol and diesel, in order to promote blending in the country (effective from October 1, 2022)
- Amendment in entry 2709 20 00 in order to align the Seventh schedule of the Finance Act, 2001 and Fourth Schedule to CEA:

Tariff Item	Description of goods	Unit	Rate of duty
2709 00 10	Petroleum crude	Kg	INR 50 per tonne

## ➤ Amendment in the fourth Schedule to the CEA

S.No.	Tariff item	Commodity	Rate of Duty
1	2710 12 39	Solvent 145/205	-
		Motor Gasoline conforming to standard IS 2796, IS 17021, IS 17586 or IS 17076	-
2	2710 12 41	Motor Gasoline conforming to standard IS 2796	14% + INR 15 per litre
3	2710 12 42	E 20 Fuel conforming to standard IS 17021	14% + INR 15 per litre
4	2710 12 43	E 12 Fuel conforming to standard IS 17586	14% + INR 15 per litre
5	2710 12 44	E 15 Fuel conforming to standard IS 17586	14% + INR 15 per litre
6	2710 12 49	M 15 Fuel conforming to standard IS 17076	14% + INR 15 per litre



# Goods & Service Tax



## ➤ Legislative changes in Goods & Service Tax

- Provision has been inserted to provide that ITC with respect to a supply can be availed only if such ITC has not been restricted in the details communicated to the recipient of supply
- Provisions relating to timelines for certain compliances amended as tabulated below:

Particulars	Existing Timeline	Revised Timeline Proposed
Time for availment of ITC by a registered person in respect of any invoice/ debit note pertaining to a FY	Due date of furnishing of monthly return of September following the end of FY to which such invoice/ debit note pertains or the date of furnishing of annual return, whichever is earlier	30th November of the following FY or the date of furnishing of annual return, whichever is earlier
Issuance of credit notes in respect of any supply made in a FY	Monthly return of September, following the end of FY in which such supply was made or the date of furnishing of annual return, whichever is earlier	30th November following the end of FY in which such supply was made or the date of furnishing of annual return, whichever is earlier
Rectification of error or omission in respect of outward supply details (in GSTR-1) reported in a FY	Monthly return of September, following the end of FY or the date of furnishing of annual return, whichever is earlier	30th November of the following FY or the date of furnishing of annual return, whichever is earlier
Rectification of errors in GSTR-3B in a FY (other than as a result of scrutiny, audit, inspection etc)	Due date of furnishing of monthly return of September following the end of FY or the date of furnishing of annual return, whichever is earlier	30th November following the end of the FY or the date of furnishing of annual return, whichever is earlier
Rectification of errors in GSTR-8 statement filed by registered person for TCS compliance in a FY	Due date of furnishing of monthly (GSTR 8) statement of September following the end of FY or the date of furnishing of annual statement, whichever is earlier	30th November following the end of FY or the date of furnishing of annual statement, whichever is earlier



# Goods & Service Tax



- In case returns are not filed/ furnished for a continuous prescribed period by a registered person (other than composition dealers) registration may be cancelled by proper officer from such date as proper officer may deem fit. Under existing provision, registration may be cancelled by proper officer in case returns are not furnished for continuous period of six months
- Provision related to ‘Furnishing of outward supply details’ (GSTR 1) proposed to be amended to prescribe conditions and restrictions for furnishing the details of outward supply, for communication of the details of such outward supplies to concerned recipients and do away with two-way communication process in return filing
- Provision related to ‘Furnishing of inward supply details’ proposed to be substituted for prescribing the manner as well as conditions and restrictions for communication of details of inward supplies and ITC to the recipient by means of an auto-generated statement and to do away with two-way communication process in return filing
- Filing of GSTR-1 of a tax period proposed to be made compulsory for filing GSTR-3B of said tax period
- Filing of GSTR-1 of previous tax periods proposed to be made compulsory for filing GSTR-1 of a particular tax period
- Provision relating to claim of ITC and its provisional acceptance proposed to be substituted to provide that the registered person would be allowed to avail ITC on self-assessment basis and would be required to reverse the ITC availed along with applicable interest in case the tax is not paid by the supplier. Such ITC can be re-availed after payment of tax is made by the supplier
- Provision relating to levy of late fee amended to propose levy of late fee (of Rs 100 per day, subject to a maximum of Rs 5,000) on delayed filing of GSTR-8 (i.e. Statement for Tax Collection at Source)
- Provisions relating to ‘Payment of tax, interest, penalty and other amounts’ proposed to be amended/ substituted to:
  - prescribe restrictions for making payment towards output tax / IGST from the amount available in the electronic credit ledger;
  - allow transfer of amount available in electronic cash ledger under the CGST/ IGST Act of a registered person to the electronic cash ledger under CGST Act or IGST Act of a distinct person;
  - provide for prescribing the maximum proportion of output tax liability which may be discharged through the electronic credit ledger.

# Goods & Service Tax



- Provision related to interest on undue/ excess claim of ITC proposed to be substituted retrospectively (from July 1, 2017) to provide for levy of interest only where input tax credit has been wrongly availed and utilized. The interest rate has been retrospectively notified (from July 1, 2017) in relation to the said provision at 18%
- Provisions relating to ‘Refund of Tax’ amended to:
  - explicitly provide that refund claim of any balance in the electronic cash ledger shall be made in such form and manner as may be prescribed;
  - extend the scope of withholding of or recovery from refunds in respect of all types of refund;
  - insert specific explanation regarding the relevant date for filing refund claim in respect of supplies made to a SEZ developer or a SEZ unit.

Particulars	Date from which changes will be Effective
GST Legislative Changes	Amendments to come into effect from the date when the same will be notified, concurrently with the corresponding amendments to the similar Acts passed by the Centre, States and Union territories with Legislature.
Other Legislative Changes	Date of enactment of the Finance Bill, 2022 or from May 1, 2022
New rates of Excise Duty	Midnight of February 1, 2022/ February 2, 2022 unless otherwise specified
New rates of Customs Duty	Midnight of February 1, 2022/ February 2, 2022 unless otherwise specified

# Regulatory Proposals



*“It is, surely, our responsibility to do everything within our power to create a planet that provides a home not just for us, but for all life on Earth.”*

Sir David Attenborough

# Ease of doing business



## ➤ **Ease Of Doing Business 2.0**

In the past few years there has been a reduction of around 25,000 statutory/operational compliances and repeal of 1,486 legislations as part of ease of doing business and ease of living. In line with this trend, the Government has now launched Ease Of Doing Business 2.0. Under the revised framework, the Central Government will work closely with States to design a trust-based model of governance through features such as, digitisation of manual processes, integration of central and state level systems through shared IT bridges, single window clearance mechanism and standardisation of processes and compliances. EODB 2.0 shall be guided by the following principles:

- **Active involvement of States,**
- **Digitalization** of manual processes and interventions,

- **Integration of the central and state-level systems** through IT bridges,
- **A single point** access for all citizen-centric services, and
- **Standardization and removal of overlapping compliances.**

## ➤ **Expansion of scope of PARIVESH**

Government shall also expand the scope of PARIVESH, a Single Window Portal currently catering to specific approvals under Environment, Forest, Wildlife and Coastal zone regulations. This Single Window is now proposed to be made interactive by offering information regarding specific approval requirements to the applicant users while also enabling a single form for all 4 approvals. Accordingly, tracking & processing of the entire approval process shall become streamlined through a Centralized Processing Centre-Green ('CPC-Green').

## ➤ **Accelerated Corporate Exit**

Centre for Processing Accelerated Corporate Exit (C-PACE) with process re-engineering to be established on the lines of existing system for accelerated registration of new companies. This shall facilitate and speed up the voluntary winding-up of these companies from the current timeline of 2 years to less than 6 months.

## ➤ **Facilitation of Cross Border Insolvency**

Necessary amendments in the Insolvency and Bankruptcy Code to be made to enhance efficacy of the resolution process and facilitate cross border insolvency resolution.

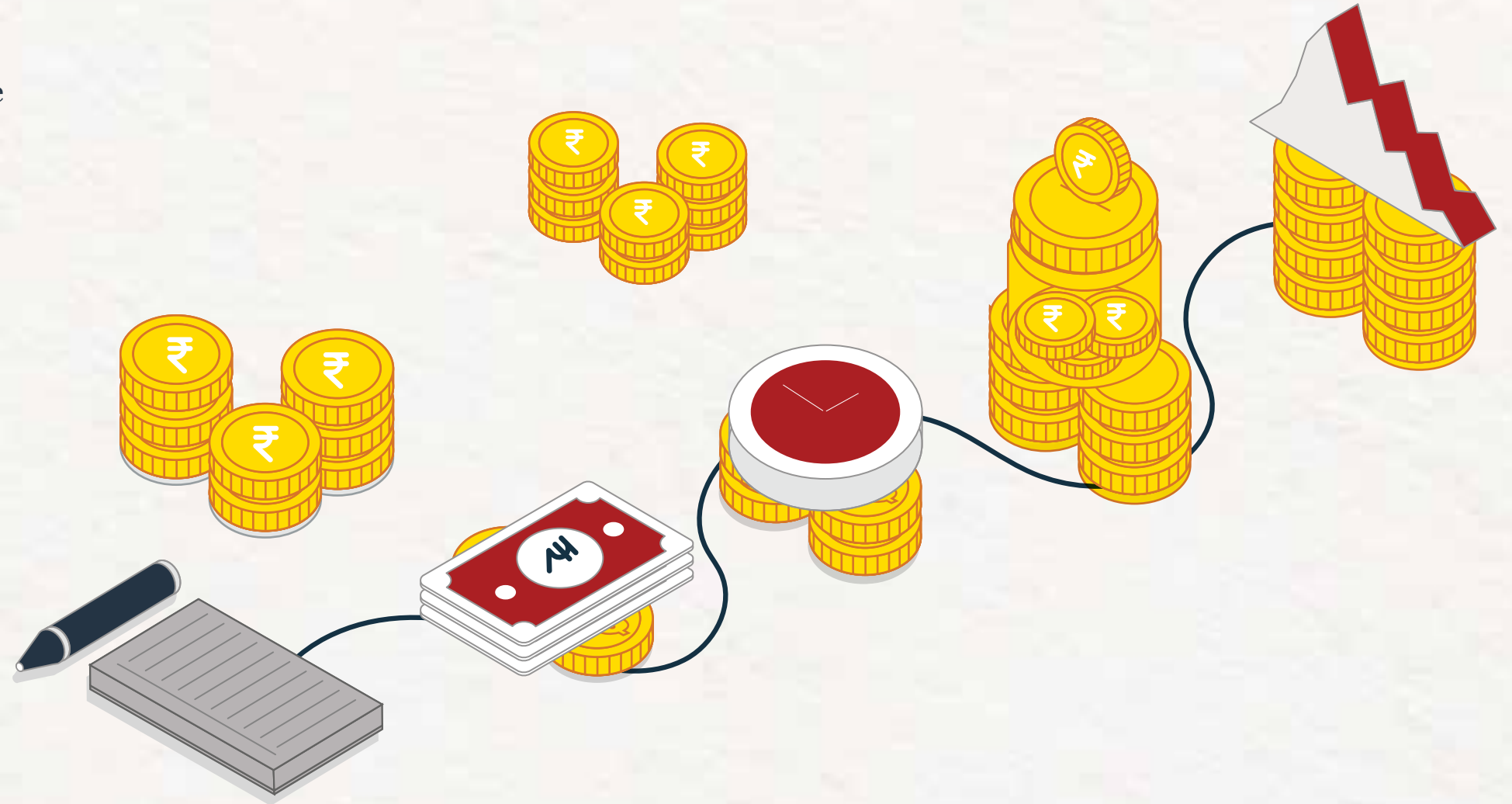
# Ease of doing business



## ➤ Government Support to Sunrise Sectors

Supportive policies, light-touch regulations, facilitative actions to build domestic capacities and promotion of R&D shall guide the government in its approach to facilitate growth of identified sunrise opportunities. These sectors have been identified as Artificial Intelligence, Geospatial Systems and Drones, Semiconductor and its ecosystem, Space Economy, Genomics and Pharmaceuticals, Green Energy, and Clean Mobility Systems.

For R&D in these sunrise opportunities, in addition to efforts of collaboration among academia, industry and public institutions, government contribution will be provided.



# Land Records Management



## ➤ **Unique Land Parcel Identification Number**

The Government emphasized on efficient use of land resources. States are to be encouraged to adopt Unique Land Parcel Identification Number to facilitate IT-based management of records. The facility for transliteration of land records across any of the Schedule VIII languages is to be rolled out as well.

## ➤ **One Nation One Registration Software**

The adoption or linkage with National Generic Document Registration System (NGDRS) with the 'One-Nation One-Registration Software' to be promoted as an option for uniform process for registration and 'anywhere registration' of deeds & documents.



# Incentives for Start-ups



## ➤ **Fund to finance start-ups for agriculture & rural enterprises**

Fund with blended capital, raised under co-investment model, to be facilitated through NABARD. Purpose of this fund shall be to finance startups for agriculture & rural enterprises, relevant for farm produce value chain. The activities of these startups shall include, inter alia, support for FPOs, machinery for farmers on rental basis at farm level, and technology including IT-based support.

## ➤ **Facilitate Drone Shakti**

Drone Shakti, a new initiative, shall be promoted through varied applications for commercializing the use of drones in different industries. This initiative shall also help establish Drones-as-a-Service. Required courses for skilling shall be started in select ITIs.

## ➤ **Extension of date of incorporation for eligible start up**

Extension of date of incorporation for eligible start up for exemption under section 80-IAC of the IT Act, till 31 March 2023.



# MSME reforms



## ➤ **Inter-linking of various portals to widen their scope**

The portals of Udyam (MSME Registration), e-Shram (National Database of Unorganized Workers), National Career Service (NCS) and ASEEM (Directory of Skilled Workforce) are proposed to be interlinked with live, organic databases, providing G2C, B2C and B2B services. This will lead to an overall integration of products and services available under the MSME ecosystem while also ensuring more participation by entities which are yet to register digitally. This will assist the MSME sector in becoming more resilient, competitive and efficient.

## ➤ **Extension of Emergency Credit Line Guarantee Scheme (ECLGS)**

Emergency Credit Line Guarantee Scheme (ECLGS) has provided much-needed additional credit to more than 13 million MSMEs.

This has helped these enterprises in mitigating the adverse impact of the pandemic. The hospitality and related services, especially those by micro and small enterprises, are yet to regain their pre-pandemic level of business. Considering these aspects, it is now proposed to extend ECLGS up to March 2023 and expansion of its guarantee cover by INR 500 billion to total cover of INR 5000 billion, with the additional amount being earmarked exclusively for the hospitality and related enterprises.

## ➤ **Revamp of Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) Scheme**

Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) scheme was launched by the Government of India (GoI) to make available collateral-free credit to the micro and small enterprise sector. It is now proposed to revamp the scheme with required infusion of funds

Accordingly, additional credit of INR 2,000 billion for Micro and Small Enterprises will be facilitated thereby expanding employment opportunities.

## ➤ **Raising and Accelerating MSME Performance (RAMP) Programme**

Raising and Accelerating MSME Performance ('RAMP') programme is an operation to support the Government of India for raising the productivity and competitiveness of MSMEs in India. The programme is proposed to roll out with outlay of INR 60 billion over 5 years.





# Infrastructure reforms



## ➤ **Multimodal Logistics Parks**

Contracts for implementation of Multimodal Logistics Parks through Public-private partnership (PPP) mode are to be awarded at four locations in 2022-23.

## ➤ **Railways**

The concept of '**One Station-One Product**' is to be popularized to help local businesses & supply chains using Railways as a medium of transportation. One station, one product takes forward the 'one district, one product' programme of the government which promotes unique products of all districts across India.

As part of Atmanirbhar Bharat, 2,000 km of network shall be brought under Kavach, the indigenous world-class technology for safety and capacity augmentation in 2022-23.

**Four hundred new-generation Vande Bharat Trains** with better energy efficiency and passenger riding experience will be developed and manufactured during the next three years. In addition, **one hundred PM GatiShakti Cargo Terminals** for multimodal logistics facilities will be developed during the next three years.

Innovative ways of financing and faster implementation will be encouraged for building metro systems of appropriate type at scale. **Multimodal connectivity between mass urban transport** and railway stations shall also be facilitated on priority. Design of metro systems, including civil structures, shall be re-oriented and standardized for Indian conditions and needs.



## ➤ **National Ropeways Development Programme**

As a preferred ecologically sustainable alternate to conventional roads in difficult hilly terrain, National Ropeways Development Programme will be taken up on PPP mode. The aim of the Programme is to improve connectivity and convenience for commuters, besides promoting tourism. This may also cover congested urban areas, where conventional mass transit system is not feasible. Contracts for 8 ropeway projects for a length of 60 km shall be awarded in FY 2022-23.

## ➤ **PLI for Solar, 5G eco-system**

Production Linked Incentive ('PLI') Scheme for Solar PV Cells and Modules was released in 2021 with an outlay of INR 240 billion. To facilitate domestic manufacturing for the ambitious goal of achieving 280 GW of installed solar capacity by 2030 the FM has announced that the outlay under the Scheme shall be enhanced by INR 195 billion.

# Infrastructure reforms



With this proposed enhancement in outlay, the PLI scheme for solar PV and modules shall have a total outlay of INR 435 billion. Indian Government had made certain commitments under the Paris Agreement of achieving reducing carbon emissions to 2005 levels. In order to achieve this goal, Government of India has identified solar power as an alternate source of energy while subtly balancing the growing energy demand of a developing economy.

The FM has also announced a new Design Linked Incentive Scheme for 5G Ecosystem within the ambit of PLI Schemes. The outlay has not been detailed out yet, however, going by the other Design Linked Incentive Scheme for fabless semiconductors, it may provide capital and deployment linked incentives covering the entire manufacturing ecosystem of 5G network equipment

Additional Design Linked Incentive Scheme to be formulated under the ambit of Production Linked Incentives ('PLIs') encompassing 5G Telecom ecosystem.

Additionally, spectrum auctions will be conducted in 2022 to facilitate rollout of 5G mobile services within 2022-23 by private telecom providers.

## ➤ **Battery Swapping**

Considering the constraint of space in urban areas for setting up charging stations at scale, a battery swapping policy shall be brought out and inter-operability standards will be formulated. The private sector will be encouraged to develop sustainable and innovative business models for 'Battery or Energy as a Service'. This will enhance efficiency in the Electric Vehicle (EV) ecosystem.

## ➤ **Defense Sector Indigenization**

Sixty-eight per cent of the capital procurement budget shall be earmarked for domestic industry in 2022-23.

Further, Defence R&D shall be opened for private sector, startups and academia with 25 per cent of defence R&D budget to be earmarked. Private industry will be encouraged to take up design and development of military platforms and equipment in collaboration with DRDO and other organizations through SPV model. An independent nodal umbrella body will be set up for meeting wide ranging testing and certification requirements.

## ➤ **Online Data Storage**

Online Data Storage to be classified as Infrastructure. This would encourage green storage solutions and will go well with data centre Incentive Scheme being developed by MeitY.

# Infrastructure reforms



## ➤ **Repeal of SEZ Act 2005**

The Special Economic Zones Act, 2005 is proposed to be replaced with a new legislation for ‘Development of Enterprise and Service Hubs’.

This shall cover all large existing and new industrial enclaves to optimally utilise available infrastructure and enhance competitiveness for exports. It is pertinent to note that Special Economic Zones were set-up to provide ‘state of the art’ infrastructure for manufacturing and services units while offering them with direct (for a 10-year period) and indirect tax benefits (for the duration of operations). Direct tax benefits under SEZs are no longer available, so a move away from SEZs while focussing on large existing & new Industrial Enclaves shall surely re-ignite greater interest in determining the nature and scope of benefits to be made available under the proposed scheme.

## ➤ **Launch of Digital Currency**

Central Bank Digital Currency (‘CBDC’) or Digital Rupee using blockchain & other technologies to be issued by the Reserve Bank of India in FY 2022-23.



# Agro processing reforms



## ➤ **Promoting Organic Farming**

Through Union Budget 2022, FM has focused on promoting organic farming throughout the country with a focus on farmers' lands in 5-km wide corridors along river Ganga in the first stage.

## ➤ **Support for branding millet products**

Acknowledging the Recognition of 2023 as the International year of Millets by the United Nations, Union Budget 2022 proposes to provide support for post-harvest value-addition, enhancing domestic consumption, and for branding millet products nationally and internationally.

## ➤ **Increase domestic production of oilseeds**

To reduce dependence on import of oilseeds, FM has proposed to implement rationalised and comprehensive scheme to increase domestic production of oilseeds

## ➤ **Promotion of Kisan Drones**

Union Budget 2022 proposes to promote 'Kisan Drones' for crop assessment, digitization of land records, spraying of insecticides, and nutrients.

## ➤ **Revise syllabi of agricultural universities**

FM proposes to encourage states to revise syllabi of agricultural universities to meet the needs of natural, zero-budget and organic farming, modern-day agriculture, value addition and management.

## ➤ **Carbon Neutral Economy**

In order to transition to Carbon Neutral Economy, five to seven per cent biomass pellets are to be co-fired in thermal power plants resulting in CO<sub>2</sub> saving of 38 MMT annually.



# Education reforms

The Government of India ('GOI') in the year 2020 launched PM eVIDYA program (One Nation Digital Platform). Under this scheme, the top 100 universities of the country have been educating students through online education. Given the low density of internet coupled with sparse availability of smartphones Swayam Prabha DTH channel has been launched to provide quality online education.

Under the aegis of Swayam Prabha, Union Budget 2022 now proposes:

- To enable all states to provide supplementary education in regional languages for classes 1-12, **expansion of DTH Channels** from 12 to 200
- To simulate learning environment and skilled development, **setting up of 750 virtual labs** in science and mathematics

- To promote crucial critical thinking skills and give space for creativity, **setting up of 75 skilling e-labs** in FY 2022-23
- To promote digital education, **developing high-quality e-content in all spoken languages** for delivery via internet, mobile phones, TV and radio through Digital Teachers.
- To **set up a competitive mechanism for quality e-content by the teachers** to empower and equip them with digital tools of teaching and facilitate better learning outcomes.
- To **establish a Digital University** to provide access to students across the country for world-class quality universal education with personalized learning experience at their doorsteps. It has been proposed to make this available in different Indian languages and ICT formats. Digital University is to be built on a networked hub-spoke model, with

the hub building cutting edge ICT expertise. The best public universities and institutions across the country will collaborate as a network of hub-spokes.



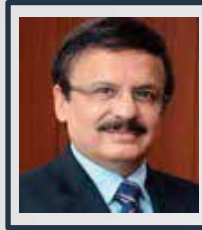
# Experts' Speak



*“The ability to simplify means to eliminate the unnecessary so that the necessary may speak”*

Hans Hofmann

# Experts' Speak



**Rakesh Nangia**  
Chairman  
Nangia Andersen India Pvt. Ltd.

“

*The Hon'ble Finance Minister announced the Budget 2022 with prime focus on health and wellbeing, physical and financial capital, and infrastructure, aiming an inclusive development. The finance minister maintained status quo on taxes and made allocations in all core areas to spur economic growth. Government has reaffirmed its outlook towards embracing advancement in the technologies of the future. Announcement that tax office will not file repetitive appeal where the same issue is pending before Jurisdictional High Court/ Supreme Court, is indeed laudable and will ease out litigation strain.*

”



**Aravind Srivastan**  
Tax leader  
Nangia Andersen India Pvt. Ltd.

“

*Budget 2022 was set in the context of riding india out of the pandemic years. There was expectations that the budget through changes in personal tax laws and create additional disposable income in the hands of individuals as a stimulus to boost consumption, however the personal tax code has been left unchanged (barring taxation of covid related receipts) in a inflationary backdrop with the threat of high fuel prices. The corporate sector has the benefit of setting up and commencing a new manufacturing co and avail 15 percent corporate taxes if they commence manufacturing by March 31, 2024 (updated from March 31, 2023).*

*Seen in overall context, the tax man reigns supreme; taxpayers will need to adequately plan and invest in managing their compliances and ensure their tax positions are carefully assessed.*

”

# Glossary





# Glossary



ADD	Anti-Dumping Duty]
AIDC	Agriculture Infrastructure and Development Cess
AIF	Alternative Investment Fund
AIS	Annual Information Statement
AO	Assessing Officer
AOP	Association of Persons
ATF	Aviation Turbine Fuel
AY	Assessment Year
BCD	Basic Customs Duty
BED	Basic Excise Duty
BOI	Body of Individuals
CBDC	Central Bank Digital Currency
CBDT	Central Board of Direct Taxes
CCIT	Chief Commissioner of Income Tax
CEA	Central Excise Act, 1944
CG	Central Government
CGST	Central Goods and Services Tax Act, 2017
CGTMSE	Credit Guarantee Trust for Micro and Small Enterprises
CIT(A)	Commissioner of Income Tax (Appeals)
CST	Central Sales Tax, 1956
CTA	Customs Tariff Act, 1975
CTH	Change of Tariff Heading

# Glossary



Customs Act	Customs Act, 1962
Customs Law	Customs Act, 1962 and Rules and Regulations
CVD	Countervailing Duty
DDT	Dividend Distribution Tax
DFI	Development Financial Institution
DGH	Directorate General of Hydrocarbons
DRC	Dispute Resolution Committee
DTA	Domestic Tariff Area
DTAA	Double Taxation Avoidance Agreement
ECLGS	Extension of Emergency Credit Line Guarantee Scheme
ESI	Employees State Insurance
EV	Electric Vehicle
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act
FII	Foreign Institutional Investor
FM	Finance Minister
FPI	Foreign portfolio investment
FTS	Fee for Technical Services
FY	Financial Year
GIFT	Gujarat International Finance Tec-City

# Glossary



GST	Goods & Services Tax
HC	High Court
HSD	High Speed Diesel
HSN	Harmonized System of Nomenclature
HUF	Hindu Undivided Family
IFC	Infrastructure Finance Company
IFSC	International Financial Services Centre
'IFSCA Act	'International Financial Services Centre Authority Act, 2019
IGCR Rules	Import of Goods at Concessional Rate of Duty Rules, 2017
IGST	Integrated Goods and Services Tax Act, 2017
INR	Indian National Rupee
InvITs	Infrastructure Investment Trust
IT	Income Tax
ITAT	Income Tax Appellate Tribunal
ITC	Input Tax Credit
ITR	Income Tax Return
JC	Joint Commissioner of Income tax
LIC	Life Insurance Corporation
LLP	Limited Liability Partnership
LTCG	Long Term Capital Gains

# Glossary



MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs
MEITY	Ministry of Electronics and Information Technology
MSMEs	Medium, Small and Micro Enterprises
NABARD	National Bank For Agriculture And Rural Development
NBFC	Non-Banking Finance Companies
NCLT	National Company Law Tribunal
NGDRS	National Generic Document Registration System
NPS	National Pension Scheme
NR	Non Resident
PBPT	Prohibition of Benami Property Transactions Act
PCBA	Printed Circuit Board Assembly
PCIT	Principal Commissioner of Income Tax
PE	Permanent Establishment
PF	Provident Fund
PBGP	Profits or Gains from Business or Profession
PLI	Production Linked Incentives
PMP	Phased Manufacturing Program
RAMP	Raising and Accelerating MSME Performance

# Glossary



RBI	Reserve Bank of India
REIT	Real Estate Infrastructure Trust
RIC	Road and Infrastructure Cess
RRTS	Regional Rapid Transit System
SAED	Special Additional Excise Duty
SAFEMA	Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976
SC	Supreme Court
SEBI	Securities and Exchange Board of India
SEZ	Special Economic Zone
STT	Securities Transaction Tax
SWF	Sovereign Wealth Fund
SWS	Social Welfare Surcharge
TAN	Tax Account Number
TCS	Tax Collected at Source
TDS	Tax Deducted at Source
TPO	Transfer Pricing Officer
UT	Union Territory
WCO	World Customs Organisation

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This document summarizes the important provisions of the Budget 2022 proposals as placed before the Parliament. Topics presented are grouped into chapters and sections to facilitate an understanding of the proposals. These are, however, not mutually exclusive.

Unless otherwise stated, Direct Tax Proposals will be applicable from A.Y. 2023-2024.

The proposals are subject to amendment as the Finance Bill passes through the Parliament.

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