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DECODING THE BUDGET



"BIG JOURNEY BEGINS WITH SMALL STEPS"



**UNION BUDGET 2022-2023
NOTABLE PROPOSALS
IN BRIEF**



BUDGET COMMITTEE MEMBERS

DIRECT TAX

- | | |
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INDIRECT TAX

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HIGHLIGHTS

❖ DIRECT TAX

- **IT returns within 2 years:** To provide an opportunity to correct an error, taxpayer can now file an '**Updated Income Tax returns**' within 2 years from end of relevant AY.
- **Tax Concessions to Co-Operatives:** Reduced AMT rates for Co-operatives from 18.5% to 15%. Reduced surcharge for Co-operatives to 7% for those whose total income is of **1 cr to 10 Cr**.
- **LTCG:** Surcharge on Long Term Capital Gains on **ANY** assets to be capped at 15% similar to LTCG of shares and securities earlier.
- **Tax relief for persons with disability:** Allow annuity payment to differently abled dependents when parents attaining age of 60 years.
- **Deduction of NPS:** Deduction for employer contribution to NPS increased to 14% from 10% earlier for State Govt employees on par with Central Govt employees.
- **Tax Concessions for Start-ups:** Start-ups established before 31.03.2023 (earlier – 31.03.2022; now extended by 1 year) will be provided tax breaks.
- Last date for commencement of manufacturing for claiming lower tax regime under Section 115BAB to be 31.03.2024 (earlier 31.03.2023; now extended by 1 year).
- **Virtual digital assets (Crypto-currency):**
 - Income from transfer of virtual digital assets to be taxed at 30%; No deduction for expenses other than cost of acquisition; No set off of losses. TDS @ 1% on consideration above monetary threshold.
 - Gift to be taxed u/s 56(2)(x)(Tax gift of virtual digital asset) in the hands of Recipient of such gift.

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- Digital rupee to be introduced by central bank in FY23 to be backed by block chain technology.
- No repetitive appeals for common question of laws.
- Off-shore banking units/ IFSC income to be provided exemptions.
- Surcharge of certain AOPs to be capped at 15%.
- Clarification stating Health and education cess not allowable as business expenditure u/s 37.
- No set off of losses against undisclosed income detected during search.

❖ INDIRECT TAX

- Import duty on cut & polished diamonds & gemstones reduced to 5% from 7.5%.
- Import duty on certain chemicals are being reduced.
- Customs duty exemption on steel scrap to be extended for another year for small and medium-sized businesses.
- Customs duty on stainless steel, flat products, high steel bars to be revoked.
- Unblended fuel to get additional duty of 2 rupees per litre from October 2022.

❖ SECTORAL INSIGHTS

➤ Agriculture:

- Promoting chemical free natural farming starting with farmers' lands close to river Ganga.

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- Promoting post-harvest value addition, consumption and branding of millet products. Delivery of Digital and Hi-Tech services to farmers in PPP mode. Use of Kisan Drones to aid farmers.
- Launching fund with blended capital to finance agriculture start-ups.
- Rationalisation of exemptions on implements and tools for agri sector manufactured in India.

➤ **Electronic Vehicles:**

- Private sector will be encouraged to create sustainable and innovative business models for battery and energy as a service, improving the efficiency in the EV eco system.
- The government will bring a battery swapping policy to boost use of electric vehicles in the country in view of space constraints for setting up charging stations.
- The policy will facilitate faster rollout of battery swapping centres where EV owners would be able to refuel their EV by replacing exhausted batteries with charged ones.

➤ **Defence:**

- Government committed to reducing defence imports.
- Defense R&D will be opened up for industry, start-ups and academia with 25% of defense R&D budget.
- Private industry will be encouraged to take up the design and development of Military platforms and equipment in collaboration with DRDO and other organizations through SPV model.
- 65% of defense Capex to be kept for local companies.
- Amendments for the Bankruptcy Code: IBC amendments to enhance efficiency of resolution process. Facilitate cross-border insolvency resolution.

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- To speed up voluntary winding up of companies to as low as 6 months as against present 2 years.
- Telecom: FM Sitharaman said that required spectrum auction will be conducted in 2022 for the rollout of 5G mobile services by private telecom providers. Scheme for design-led manufacturing for 5G will be part of production-linked scheme.

➤ **Infrastructure:**

- 5G spectrum auctions to be conducted in 2022.
- To award contracts to lay optical fibre in rural areas, completion in 2025.
- 480 billion rupees set aside for affordable housing in 2022/23.
- To allocate additional 195 billion rupees for production linked incentives towards solar equipment manufacturing.
- Give data center's as Infra status.
- Rail, POST to work together on logistic.
- To make new Vande Bharat trains in 3 years.
- 100 cargo terminals in 3 years.
- Formulation of Master Plan for expressways. Completing 25000 km national highways in 2022-23.
- National Ropeways Development Plan as sustainable alternative to conventional roads.
- 4 Multimodal Logistics parks through PPP to be awarded in 2022-23.

➤ **SEZ:**

- Government SEZs act to be replaced with new law, new law to boost exports Competitiveness.

❖ **OTHERS**

- Unique Land Parcel Identification Number for IT based management of land records
Strategic transfer of ownership of Air India has been completed.
- PM Gati Shakti will pull forward the economy and will lead to more jobs and opportunities for the youth.
- Master Plan will encompass seven engines of economic transformation (viz. Roads, Railways, Airports, Ports, Mass Transport, Waterways, and Logistics Infrastructure.) To give duty concessions for some electronics manufacturer.
- Fiscal deficit in FY22 gap 6.9% of GDP VS 6.8% goal.
- Fiscal deficit in FY23 gap 6.4% of GDP.
- Government plans Rs1tn assistance to states borrowing plans.
- Proposes Rs7.5tn on capital allocation.
- Proposes Rs10.6tn on effective capital expenditure.
- To allow to set up international arbitration center in gift city.
- Rs 6,000-crore programme to rate MSMEs will be rolled out over the next five years.
- As part of initiatives to promote digital infrastructure, a DESH stack e-portal will be launched.
- Start-ups will be promoted for Drone Shakti.
- To promote public transports in urban areas.
- Government to get all Post offices on core banking systems in 2022.
- Plans to digital University to provide access to school.

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- Drinking water projects allocated Rs 60,000 CR.
- Housing projects allocated Rs.48,000 CR.
- ECLGS scheme to have Rs 5tn total cover.
- Plans to cut dependence on oil seed imports.
- Urban transport to be connected to railways.
- Plans find for farm start-ups under Nabard.
- Plans expansion of water supply projects.
- Promoting digital economy, fintech among the government focus, committed to strengthening abilities of poor.
- Issuance of chip embedded e-Passports.

DIRECT TAX

A. Tax Rates

❖ Rates of Income Tax

- There is no change in rates from last year except change in rate of surcharge for Co-operative Society

Existing	Proposed
The rate of surcharge is @ 12% of such income tax in case of co-operative society having income exceeding 1 Crore.	The finance minister reduced the surcharge on cooperative societies from the present 12% to 7% for those having a total income of more than 1 crore to up to 10 crore Surcharge at the rate of 12% of shall continue to be levied in case of co-operative society having a total income exceeding Rs.10 crore.

B. Profits and Gains from Business or Profession

➤ Deduction of Expenses related to any exempt income:

- As per the existing provisions no deduction was allowed in respect of expenditure incurred by the assessee in relation to exempt income even in case where in that particular year, the taxpayer as not earned any exempt income.
- An explanation is inserted for the above interpretation that even in a year where exempt income has not accrued or arisen or has not been received, the expenditure related to the same exempt income shall also be not allowed as deduction.

This amendment will take effect from 1st April 2022.

➤ Deduction on actual payment of interest and not on conversion

- Various deductions in respect of expenses incurred are availed only on the basis when the actual payment for such expense has been done as per sec 43B.
- However in various cases, taxpayers used to claim such deduction on account of conversion of Interest payable on an existing loan into debenture interpreting it in the nature of payment.
- The same has been clarified that the above interpretation is against the intent of the legislation and any conversion of the interest payable into any debenture or any other instrument by which liability to pay is deferred to a future date shall not be treated as payment and claimed as deduction u/s 43B.

This amendment will take effect from 1st April 2023 onwards and will apply in relation to AY 2023-24 and subsequent years.

➤ Clarifications on allowability of expenditure

- No deduction or allowance is allowed in respect of expenditure which is prohibited by any law under Sec 37.

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- Further Certain benefits or perquisite to person are not allowed under this section such as travel, hospitality, conference, etc is a violation of law/rule/ regulation governing the conduct of such person.
- Further through various judgments passed above it is clear that the claim of any expense incurred in providing various benefits in violation of the provisions of Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002 shall be inadmissible under section sub-section (1) of section 37 of Act being an expense prohibited by the law.
- For proper interpretation of the above section, an explanation has been inserted clarifying the nature of transactions coming under the net of “expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law” which includes
 - Offence under/prohibited under any law inside or outside India
 - Provision of benefit or perquisite and acceptance of such resulting in violation of law/rule/regulation/guidelines governing the conduct of such person
 - Compounding of an offence under any law in or outside India.

This amendment will take effect from 1st April 2022.

➤ **Reduction of Goodwill from block of asset to be considered as transfer**

- From AY 2021-22, Goodwill of a Business or Profession is not considered as a Depreciable Asset and no Depreciation would be available on the same.
- From AY 2022-23, clarification has been provided that Reduction of the Amount of Goodwill from the Block of Asset shall be deemed to be a “transfer”.

➤ **Slump Sale**

- Amendment in the Clause 42 (C) of Section 2 states that where ever the word “sales” is mentioned it should be replaced by word ‘Transfer’.

This will have retrospective effect from 1st April 2021.

➤ **Clarification regarding treatment of cess and surcharge**

- Surcharge and cess cannot be utilised for deduction purpose under PGBP income u/s 40 as per latest judgments of ITAT Kolkata (**Case law-M/s. *Kanoria Chemicals & Industries Ltd ITA***)
- This amendment will take effect retrospectively from 1st April, 2005 and will accordingly apply in relation to the assessment year 2005-06 and subsequent assessment years.

C. Income from Other Sources

➤ Exemption of amount received for medical treatment and on account of death due to COVID-19

- To minimize the hardships faced by individuals due to Covid-19 pandemic, new amendment is included in section 56(2)(X) are :-
- Any sum received by an individual, from any person, in respect of expenditure incurred for Covid-19 illness subject to conditions, will not form the part of income.
- Where any member of the individual receives any sum of money in case of his death by the employer of the deceased person, or any other person is exempt up-to the limit of Rs 10, 00,000/- Further the cause of the death should be relating to Covid-19 and payment should be received within 12 months from the date of death along with other conditions specified.
- These amendments will take effect retrospectively from 1st April, 2020 and will accordingly apply in relation to the assessment year 2020-21 and subsequent assessment years.

➤ Scheme for taxation of virtual digital assets

- **Meaning of Virtual Digital Asset** - a virtual digital asset is proposed to mean any information or code or number or token (not being Indian currency or any foreign currency), generated through cryptographic means or otherwise, providing a digital representation of value which is exchanged with or without consideration, with the promise or representation of having inherent value, or functions as a store of value or a unit of account and includes its use in any financial transaction or investment, but not limited to, investment schemes and can be transferred, stored or traded electronically. Non fungible token and; any other token of similar nature are included in the definition.

- **Taxability of Virtual Digital Assets (Section 115BBH)**

- Any income derived from transfer of virtual digital asset will be taxable at 30%.
- However no deduction in respect of any expenditure (other than cost of acquisition) will be allowed.
- Further no carry forward or set off of any losses shall be allowed.
- Losses derived from transfer of Virtual Digital Asset shall not be allowed under any other head.
- As per 56(2) (x) property shall also include Virtual Digital Asset.

- **Note: Section 56(2) (x): Gift in excess of 50,000 will be taxable**

- This amendment will take effect from 1st April, 2023 and will accordingly apply in relation to the assessment year 2023-24 and subsequent assessment years.

- **Withdrawal of concessional rate of taxation on dividend income under section 115BBD**

- Section 115BBD of the Act provides for a concessional rate of tax of 15 % on the dividend income received by an **Indian company** from a **foreign company** in which the said Indian company holds 26 % or more in nominal value of equity shares (specified foreign company).
- It is proposed that from any assessment year beginning on or after the 1st day of April, 2023 the said dividend will be taxable in the hands of shareholders at applicable rates plus surcharge and cess.

➤ **Provisions pertaining to bonus stripping and dividend stripping to be made applicable to securities and units**

- Bonus stripping is a situation when purchase or sale of units of MF is done in a manner, which would result in short-term capital loss that can be adjusted against capital gains.
- It is proposed to amend that this provision, now this will be applicable to **securities** as well
- Dividend stripping is where any units of funds are bought for a short period ahead of the dividend being declared, called cum-dividend, and then selling them when the units go ex-dividend. Earlier this provision was not applicable to the units of new pooled investment vehicles such as InvIT or REIT or AIFs.
- It is proposed to amend the Explanation to the said section to modify the definition of unit, so as to include units of business trusts such as InvIT, REIT and AIF, within the definition of units.

This amendment will take effect from 1st April, 2023 and will accordingly apply in relation to the assessment year 2023-24 and subsequent assessment years.

D. Special Cases

❖ Rationalisation of the provision of Charitable Trust and Institutions

- Income of any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to clause (23C) of section 10 or any trust or institution registered u/s 12AA or 12AB of the Act is exempt subject to the fulfilment of the conditions provided under various sections. The exemption to these trusts or institutions is available under the two regimes:
 - First Regime for any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to clause (23C) of section 10; and
 - Second Regime for the trusts registered under section 12AA/12AB.

- In the Finance Bill, it is proposed to rationalise the provisions of both the exemption regimes by-
 - ensuring their effective monitoring and implementation;
 - bringing consistency in the provisions of the two exemption regimes; and
 - Providing clarity on taxation in certain circumstances.

Section	Existing Provision	Proposed Provision
10(23C) & 12A	There is no specific provision under the Act providing for the books of accounts to be maintained by such trusts or institutions.	Books of account to be maintained by the trusts or institutions under both the regimes.
13	Trusts or institution under the second regime are required not to pass on any unreasonable benefit to the trustee or any other specified person.	New section 271AAE to provide for penalty on trusts or institution under both the regimes which is equal to <ul style="list-style-type: none">• amount of income applied by such trust or institution for the benefit of specified person where the violation is noticed for the first time during any previous year and

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		<ul style="list-style-type: none"> • Twice the amount of such income where the violation is noticed again in any subsequent year.
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❖ Amend the provisions of section 12AB:

Section	Existing Provision	Proposed Provision
Section 12AB and fifteenth proviso to clause (23C) of section 10	<p>Application for the approval of any trust or institution were made to the Jurisdictional Principal Commissioner or Commissioner and such Principal Commissioner or Commissioner shall grant approval after examination of the application.</p> <p>The provisional registrations or provisional approval or re-registrations or approvals in certain cases are granted in an automated manner to trusts registered under second regime</p>	<p>Where a trust or an institution or any university or other educational institution or any hospital or other medical institution has been granted registration or provisional registration and subsequently.</p> <p>The Principal Commissioner or Commissioner has noticed occurrence of one or more specified violations during any previous year;</p> <p>The Principal Commissioner or Commissioner has received a reference from the Assessing Officer for any previous year.</p>
Sub-section (3) of section 143	<p>No order was made denying the benefits of 10(23C) unless the Assessing Officer has intimated the Central Government the contravention of the provisions and approval granted to such trust or institution has been rescinded. There is no such provision in cases of trusts or institutions under second regime.</p>	<p>Such case has been selected in accordance with the risk management strategy, formulated by the Board from time to time, for any previous year the Principal Commissioner or Commissioner shall—</p> <ol style="list-style-type: none"> 1. Call for such documents or information from the trust or institution or

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		make such inquiry as he thinks necessary.
First proviso to sub-section (3) of section 143	Presently, there is no time limit for such Principal Commissioner or Commissioner to decide on reference by the Assessing Office on the time limitation for the completion of assessment	<ol style="list-style-type: none">2. Pass an order in writing cancelling the registration, after giving a reasonable opportunity of being heard.3. Forward a copy of the order, to the Assessing Officer and such trust or institution.4. provide that that the order shall be passed before expiry of the period of six months from the end of the quarter in which the first notice is issued by the Principal Commissioner or Commissioner calling for any document or information, or for making any inquiry, on or after the 1st day of April, 2022 <ul style="list-style-type: none">• Where the Assessing Officer is satisfied that any trust or institution has committed any specified violation, he shall,• send a reference to the Principal Commissioner or Commissioner to withdraw the approval or registration, as the case may be; and

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		<ul style="list-style-type: none">• Not assess the total income or loss of such institution without giving effect to the order passed by the Principal Commissioner or Commissioner
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➤ The term “specified violation” is proposed to be defined by inserting an Explanation to sub-section (4) of section 12AB of the Act to mean the following violation: -

- Where any income of the trust or institution under the second regime has been applied other than for the objects for which it is established; or
- The trust of institution under the second regime has income from profits and gains of business which is not incidental to the attainment of its objectives or separate books of account are not maintained by it in respect of the business which is incidental to the attainment of its objectives; or
- The trust or the institution under the second regime has applied any part of its income from the property held under a trust for private religious purposes which does not enure for the benefit of the public; or
- The trust or institution under the second regime established for charitable purpose created or established after the commencement of this Act, has applied any part of its income for the benefit of any particular religious’ community or caste;
- Any activity being carried out by the trust or the institution under the second regime, (i) is not genuine; or (ii) is not being carried out in accordance with all or any of the conditions subject to which it was registered; or 87
- The trust or the institution under the second regime has not complied with the requirement of any other law, as referred to in item (B) of sub-clause (i)

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of clause (b) of sub-section (1) of section 12AB, and the order, direction or decree, by whatever name called, holding that such non-compliance has occurred, has either not been disputed or has attained finality.

❖ Provision relating Accumulated Income:

Provision	Previous	Proposed
Third proviso to 10(23C) & Section 11(2).	<p>As per Accumulation provision, a trust or institution is required to apply 85% of its income during any previous year.</p> <p>However, if it is not able to apply 85% of its income during the previous year, it is allowed to accumulate such income for a period not exceeding 5 years as per the following provisions.</p> <p>However, the accumulation of income is allowed subject to the fulfilment of certain conditions for trusts under second regime while there are no such conditions specifically provided for trusts and institutions under first regime</p>	<p>Any income which is not utilized for the purpose for which it is so accumulated or set apart shall be deemed to be the income of such person of the previous year being the last previous year of the period, for which the income is accumulated or set apart, but not utilized for the purpose for which it is so accumulated or set apart.</p> <p>where eighty-five per cent of the income not applied, wholly and exclusively to the objects for which the trust or institution under the first regime is established, during the previous year but is accumulated or set apart, either in whole or in part, for application to other objects such income so accumulated or set apart shall not be included in the total income of the previous year provided the following conditions are complied with, namely: —</p> <ul style="list-style-type: none">• furnishes a statement to the

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		<p>Assessing Officer stating the purpose for which the income is being accumulated or set apart which shall not exceed five years</p> <ul style="list-style-type: none">• the money so accumulated or set apart is invested or deposited in the forms or modes specified• the statement is furnished on or before the due date specified u/s 139(1)• In computing the period of five years the period during which the income could not be applied for the purpose for which it is so accumulated or set apart, due to an order or injunction of any court, shall be excluded.• any income shall be deemed to be the income of the previous year in which the following takes place—• the income is applied for purposes other than wholly and exclusively to the objects for which the trust or institution under the first regime is established or ceases to be accumulated or set apart for application thereto• the income ceases to remain invested or deposited in any of the forms or modes specified• the income is not utilised for
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		<p>the purpose for which it is so accumulated or set apart</p> <ul style="list-style-type: none">• the income is credited or paid to any trust or institution under the first or second regime.• Assessing Officer to allow trusts or institutions under the first regime in circumstances beyond their control to apply such accumulated income for such other purpose in India. These other purposes are required to be in conformity with the objects for which the trust 93 or institution under the first regime is established.• Assessing Officer shall not allow the application of any accumulated income to be credited or paid to any trust or institution under the first or second regime
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❖ Other Amendments (Trusts):

Provision	Previous	Proposed
Section 115TD, 115TE and 115TF	Taxation of accreted income of the trust in certain cases applicable to only trust or institutions under the second regime.	Applicable to both regimes.
139(4C)	Filing of income tax return applicable to only trust or institutions under the second regime	Applicable to both regimes.

- **These amendments will take effect from 1st April, 2023 and will accordingly apply in relation to the assessment year 2023-24 and subsequent assessment years**

❖ **Providing clarity on taxation in certain circumstances**

➤ **Allowing certain expenditure in case of denial of exemption**

- Disallowance of exemption to the trusts or institutions under both the regimes if they:
 - have commercial receipts in excess of 20% of the annual receipts;
 - are not getting their books of account audited;
 - are not filing the return of income presently specifically provided under the second regime only;
- Presently there is lack of clarity on computation of taxable income in case of non-availability of exemption in these cases
- In order to bring clarity in the computation of the income chargeable to tax in such cases, the following amendments are proposed: -
 - (i) It is proposed that income chargeable to tax shall be computed after allowing deduction for the expenditure (other than capital expenditure) incurred in India, for the objects of the trust or institution, subject to fulfilment of the following conditions, namely: -
 - such expenditure is not from the corpus standing to the credit of such trust or institution as on the last day of the financial year immediately preceding the previous year relevant to the assessment year for which the income is being computed;
 - such expenditure is not from any loan or borrowing;
 - claim of depreciation is not in respect of an asset which has been claimed as income in the year of purchase or any other previous year; and
 - such expenditure is not in the form of any contribution or donation to any person

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(ii) It is also proposed that for the purposes of determining the amount of expenditure shall apply as they apply in computing the income chargeable under the head "Profits and gains of business or profession".

(iii) It is also proposed to provide that for the purposes of computing income chargeable to tax, no deduction in respect of any expenditure or allowance or set-off of any loss shall be allowed to the assessee under any other provision of the Act.

➤ Taxation of certain income of the trusts or institutions under both the regimes at special rate:

- In order to rationalise the provisions, to ensure that the income applied in violation is taxed at special rate without deduction, the following amendments are proposed:

Sr.No.	Section	Proposed Provision
1	13(1)(c)	Only that part of income which has been applied in violation to the provisions of the said clause shall be liable to be included in total income.
2	First proviso to 10(23C)	Where the income of any trust under the first regime, or any part of the such income or property, has been applied directly or indirectly for the benefit of any person, such income or part of income or property shall be deemed to be income of such person of the previous year in which it is so applied
3	13(1)(d)	Only that part of income which has been invested in violation to the provisions of the said clause shall be liable to be included in total income
4	Explanation 4 in Third proviso to 10(23C)	Income accumulated which is not utilized for the purpose for which it is so accumulated or set apart shall be deemed to be the income of such person of the previous year being the last previous year of the period, for which the income is accumulated or set apart.

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- All the above income is required to be taxed at special rate. Hence, it is proposed to insert new section 115BBI in the Act providing that where the total income of any assessee being a trust under the first or second regime, includes any income by way of any specified income, the income-tax payable shall be the **aggregate of—**
 - The amount of income-tax calculated at the rate of **thirty per cent** on the aggregate of specified income; and
 - The amount of income-tax with which the assessee would have been chargeable had the total income of the assessee been reduced by the aggregate of specified income referred to in clause (i).

- Explanation to the proposed section defines "specified income" to mean: -
 - income accumulated or set apart in excess of fifteen percent of the income where such accumulation is not allowed under any specific provisions of the Act; or
 - deemed income referred to in Explanation 4 to third proviso to clause (23C) of section 10 or sub-section (3) of section 11 or sub-section (1B) of section 11; or
 - any income which is not exempt under clause (23C) of section 10 on account of violation of the provisions of clause (b) of third proviso of clause (23C) of section 10 or not to be excluded from total income under the provisions of clause (d) of sub-section (1) of section 13; or
 - any income which is deemed to be income under the twenty first proviso to clause (23C) of section 10 or which is not excluded from total income under clause (c) of sub-section (1) of section 13; or
 - any income which is not excluded from total income under clause (c) of subsection (1) of section 11

These amendments will take effect from 1st April, 2023 and will accordingly apply in relation to the assessment year 2023-24 and subsequent assessment years.

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- **Voluntary Contributions for the renovation and repair of temples, mosques, gurudwaras, churches etc notified under clause (b) of sub-section (2) of section 80G.**

Sr.No.	New Explanation	Proposed Provision
1	Explanation 3A in section 11(1) and Explanation 1A in the third proviso to section 10(23C)	Where the property held under above mentioned trust or institution and any sum received as a voluntary contribution for the purpose of renovation or repair of such trust or institution may, at its option, be treated by such trust or institution as forming part of the corpus of the trust or the institution, subject to the condition that the trust or the institution, (a) applies such corpus only for the specific purpose for which the voluntary donation was made; (b) does not apply such corpus for making contribution or donation to any person; (c) maintains such corpus as separately identifiable; and (d) invests or deposits such corpus in the forms and modes specified under sub section (5) of section
2	Explanation 3B in section 11(1) and Explanation 1B in the third proviso to section 10(23C)	Where any trust or institution has treated any sum received by it as forming part of the corpus and subsequently any of the conditions specified in clause (a), (b), (c) or clause (d) thereof are violated, such sum shall be deemed to be the income of such trust or institution of the previous year during which the violation takes place.

These amendments will take effect retrospectively from 1st April, 2021 and will accordingly apply in relation to the assessment year 2021-22 and subsequent assessment years.

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➤ **Clarifying that application will be allowed only when it's actually paid.**

Sr. No.	New Explanation	Proposed Provision
1	Explanation 3 to Section 10(23C) and 11	It is also proposed to insert explanation to provide that any sum payable by any trust under the first or second regime shall be considered as application of income in the previous year in which such sum is actually paid by it irrespective of the previous year in which the liability to pay such sum was incurred by such trust.

These amendments will take effect from 1st April, 2022 and will accordingly apply to the assessment year 2022-23 and subsequent assessment years.

❖ **Amendment to sub-section (1A) of section 35**

Existing Provision	Proposed Provision
No deduction shall be allowed to the research association, university, college or other institution, if statement of donations is not filed.	It is proposed to amend that the deduction claimed by the donor with respect to the donation given to such institution shall be disallowed unless such research association, university, college or other institution or company files the statement of donations.

This amendment will take effect retrospectively from 1st April, 2021.

❖ **Cash credits under section 68 of the Act**

- Section 68 of the Act provides that where any sum is found to be credited in the books of an assessee maintained for any previous year, and the assessee offers no explanation about the nature and source thereof or the explanation offered by him is not satisfactory to AO, the sum so credited may be charged to income-tax as the income of the assessee of that previous year.

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- It is proposed to amend the provision of section 68, where any loan or borrowing or any liability is credited in the books of assessee, the nature & source of the funds should also be explained in the hands of creditor or entry provider.
- However, this additional onus of proof of satisfactorily explaining the source in the hands of the creditor, would not apply if the creditor is a well regulated entity, i.e., it is a Venture Capital Fund, Venture Capital Company registered with SEBI.

This amendment will take effect from 1st April, 2023 and will accordingly apply in relation to the assessment year 2023-24 and subsequent assessment years.

E. Tax Deducted at Source and Tax Collected at Source

❖ Determination of Interest Payable in case of default in deduction/payment of TDS and TCS

- There were frequent litigation because of the misinterpretation of the section 201(1A) and 206 (C) (7) specifying about interest payment on failure to deduct tax or after deduction failing to pay it.
- It is proposed that the interest computed as per the order made by the Assessing officer will be final and the assessee have to pay it.

This amendment will take effect from 1st April 2022.

❖ TDS for Non-filers of Income Tax Return

- Section 206AB provides a tax deduction at source (TDS) at rates higher than those prescribed in the Act while making payments or collections to those who have not filed their income tax return and the total amount of deduction and collection of tax (TDS and TCS) is Rs.50,000 or more in each of these two previous years.
- Similarly, section 206CCA provides a collection of tax at source (TCS) on amounts received from the buyers at rates higher than specified in the Act.
- To ensure that all persons furnish their income tax return it is proposed that the limit of 2 years in the above sections shall be reduced to 1 year.
- In case of failure in furnishing income tax return of previous 1 year, the deductor is liable to deduct TDS/ collect TCS at the higher rates as prescribed in the above sections.
- Individuals and HUF enjoying the simplified tax system u/s 194IA, 194IB, 194M are kept out of the purview of the above section 206AB.

This amendment will take effect from 1st April 2022

❖ **Section 194IA**

Existing	Proposed
In case of transfer of immovable property (other than agricultural land), TDS is to be deducted at the rate of 1% of such sum paid or credited where consideration exceeds Rs. 50 Lakhs.	The budget proposed that in case of transfer of immovable property (other than agricultural land), TDS is to be deducted at the rate of 1% of such sum paid or credited or the stamp duty value of such property whichever is higher where consideration exceeds Rs. 50 Lakhs.

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

❖ **Insertion of New Section 194R**

➤ **TDS on benefit or perquisite of a business or profession**

- TDS is to be deducted at 10% for providing to a resident, any benefit or perquisite exceeding Rs. 20,000 whether convertible into money or not, arising either from business or from profession.
- The above provision will not apply to an individual or HUF whose total sales, gross receipts or turnover does not exceed Rs. 1 crore in case of business or Rs. 50 Lakhs
- In case of profession during the financial year immediately preceding the financial year in which such benefit or perquisite, as the case may be, is provided.
- This amendment will take effect from 1st April 2022.

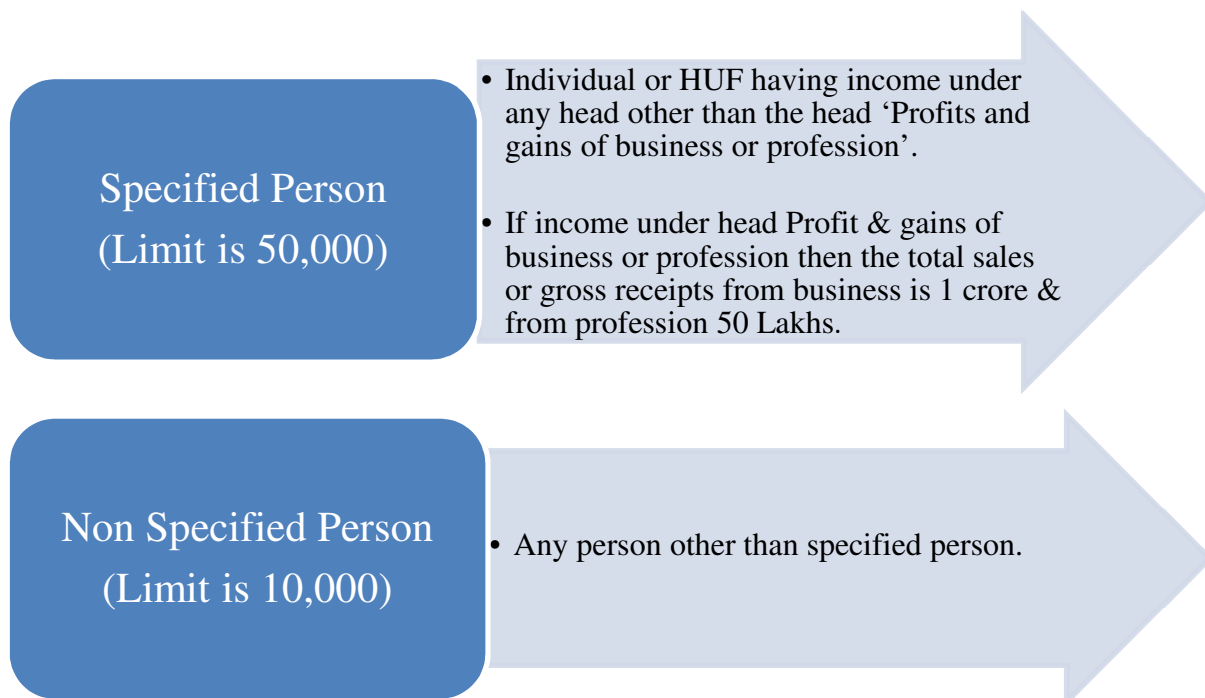
➤ **Insertion of new section 194S: TDS in case of Virtual Digital Assets**

- The budget inserted section 194S to provide for deduction of tax on payment for transfer of virtual digital asset to a specified person at the rate of **1% of such sum**. However, in case the payment for such transfer is–

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- i. Wholly in kind or in exchange of another virtual digital asset where there is no part in cash; or
- ii. partly in cash and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of such transfer, the person before making the payment shall ensure that the tax has been paid in respect of such consideration.



- If tax has been deducted under section 194S, then no tax is to be collected or deducted in respect of the said transaction under any other provision of Chapter XVII of the Act.
- In case of a transaction where tax is deductible under section 194-O (TDS deduction in case of E-commerce operator). Along with the proposed section 194S, then the tax shall be deducted under section 194S and not section 194-O.

This amendment will take effect from 1st of July, 2022.

❖ Amendment in the provisions of section 248 of Income-tax Act and insertion of new section 239A

- In case of person who has deducted tax on any income paid to non-resident under any arrangement or agreement other than interest, to obtain a refund of the tax deducted wherein he denies his liability to make such deductions, as per the provisions of section 248 of the Act, he has to necessarily enter the appellate process by filing an appeal before the Commissioner (Appeals).
- It is proposed to insert new section 239A wherein the said application for refund can now be filed before Assessing Officer & if the same person is not satisfied with the order of AO, he can go into appeal against such order before commissioner (appeals) u/s 246A of the Act.

These amendments will take effect from 1st April, 2022.

F. Alternate Minimum Tax

❖ Taxability of Co-operative Societies under Alternate Minimum Tax

- To bring the alternate minimum tax (AMT) of Co-operative at par with MAT of Companies, Tax payable on the basis of AMT for Co-operatives is revised from 18.5% to 15%.

This amendment will take effect from 1st April 2023 onwards and will apply in relation to AY 2023-24 and subsequent years.

❖ Extension for concessional rates for taxation of manufacturing and production units

- The last date for commencement of manufacturing or production has been extended from 31.03.2023 to 31.03.2024, under section 115BAB which provides a concessional tax rate of 15% for manufacturing and production units starting their operation within the specified period.

This amendment will take effect from 1st April 2022 onwards and will apply in relation to AY 2022-23 and subsequent years.

G. Losses and Relief, Etc

❖ Facilitating Strategic Disinvestment of Public Sector Companies

- Where there is a change in shareholding in excess of 49% of any company other than the company in which the public are substantially interested, (i.e., closely held companies), no loss brought forward of previous financial years up to the current financial year shall be carried forward.
- It is hereby proposed that the above provisions shall not be applied to a public sector company subject to the condition that the ultimate holding company of such erstwhile public sector company, immediately after the completion of strategic disinvestment, continues to hold, directly or through its subsidiary or subsidiaries, at least 51% of the voting power of the erstwhile public sector company in aggregate.
- Breach of the above condition in any previous year will lead to withdrawal of above exemption and the above provisions for non-claiming of loss will apply to such and the subsequent previous years.

This amendment will take effect from 1st April 2022 onwards and will apply in relation to AY 2022-23 and subsequent years.

❖ Set Off of loss in Search/Survey Cases (Section 79A):

- The finance bill proposed to insert a **new section 79A**, relating to **no set off of losses consequent to search, requisition & survey**.
- The proposed new section seeks to provide that no set off of losses brought forward, or otherwise, or unabsorbed depreciation under subsection (2) of section 32 shall be allowed to an assessee while computing his total income in any previous year which includes undisclosed income –
 - That is found in the course of search, requisition & survey.
 - And any expense represented by merely a book entry or other documents maintained in the normal course relating to the previous year, if found to be false in the due course of action.

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- The proposed new section further seeks to define the expression “undisclosed income” for the purposes of the said section.

This amendment will take effect from 1st April, 2022 and will accordingly apply in relation to the assessment year 2022-23 and subsequent assessment years.

H. Filing of Returns, Assessments, Appeals, Penalties

❖ Alignment of the provisions relating to Offences & Prosecutions under Chapter XXII of the Act

- Any fresh prosecution proceeding related to the prosecutions initiated on transfer of any immovable property, before 1.07.2002 will not be initiated under the section 276AB on or after 01.04.2022.
- Section 276B provide for prosecution from 3 months to 7 years with fine for failure to pay TDS to Central Government.
- The person shall be punishable if
 - Failure to deduct tax,
 - Failure to pay tax under Section 115-O or second proviso to section 194B.
- As per second proviso to section 194B, the person responsible for paying shall before releasing the payment ensure that the tax has been paid & no default has been made u/s 276B. Similar amendment is proposed in Section 271C.

These amendments will take effect from 1st April, 2022.

❖ Faceless Scheme:

- The Central Government has undertaken a number of measures for processing faceless assessment in electronic mode for making the tax administration transparent & efficient. Provisions for notifying faceless Schemes were introduced in Finance Act 2020 & Finance Act 2021, Basically the Finance bill, 2022 has extended the time limit for the following scheme:

Section	Scheme	Existing Date of Limitation	Revised Date of Limitation
92CA	Faceless determination of arm's length price (Transfer Pricing)	31 st Day of March, 2022	31st day of March, 2024

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144CA	Faceless Dispute Resolution Panel	31 st Day of March, 2022	31st day of March, 2024
253	Faceless appeal to Appellate Tribunal	31 st Day of March, 2022	31st day of March, 2024
255	Faceless procedure of Appellate Tribunal	31 st Day of March, 2023	31st day of March, 2024

These amendments will take effect from 1st April, 2022.

❖ Faceless Assessment – Sec 144B

- The provision of said section provides the procedure to be followed during the conduct of faceless assessment.
- The provisions of the proposed section shall now also apply for faceless reassessment or recomputation under section 147 of the Act.
- Process as described under sub section (1) to (8) of sec 144B has been fully substituted – majorly whole process is structured in a manner where all transactions are routed through National Faceless Assessment Centre.
- However, various difficulties are being faced by the administration and the taxpayers in the operation of the faceless assessment procedure. In view of the above, it is proposed that the existing provisions of the section 144B of the Act may be amended to streamline the process of faceless assessment in order to address the various legal and procedural problems being faced in the implementation of the said section, For procedural aspect kindly refer section 144B of the Income Tax Act, 1961

❖ **Rationalization of provisions relating to assessment and reassessment**

Sr. No.	Section	Existing Provision	Proposed Provision
1	132	Sub-section 8 provides that Books of accounts and other documents seized by the AO under search and seizure, shall not be retained for more than 30 days from the date of order of assessment	The scope of the provision is expanded to include an order of reassessment or re-computation as well along with order of assessment
2	132B	Sub-section 1 provides the manner in which assets seized or requisitioned are dealt with in case of an assessment	The manner provided under this sub-section shall now also apply to completion of assessment or reassessment or re-computation.
3	148	<p>a) The section provides for issuance of notice to a person before making the assessment, reassessment or re-computation under section 147 of the Income-tax Act, after the AO has obtained prior approval of the specified authority.</p> <p>b) Explanation 1 to the section defined the scope of the term “information”</p>	<p>The AO shall not be required to obtain an approval again to issue a notice if the AO has already passed an order under clause d of 148A stating that it is a fit case to issue under section 148.</p> <p>The scope has been further expanded to include the following as well in information:</p> <p>i) any information received under an agreement referred to in section 90 or section 90A of the Act</p> <p>ii) any information made available to the Assessing Officer</p>

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4	148A	<p>a) The section provided that the AO has to provide an opportunity of being heard to the assessee by serving upon him a show cause notice as to why a notice under section 148 for income having escaped assessment should not be issued ,with the prior approval of specified authority.</p> <p>b) New insertion under the proviso to section 148A</p>	<p>under the scheme notified under section 135A</p> <p>iii) any information which requires action in consequence of the order of a Tribunal or a Court</p> <p>Now there is no requirement for obtaining a prior approval from the specified authority.</p> <p>No opportunity of being heard will be given to the assessee where the Assessing Officer has received any information under the scheme notified under section 135A, pertaining to income chargeable to tax escaping assessment for any AY.</p>
5	148B	New section has been inserted.	A new section has been inserted which provides that an AO below the rank of Joint Commissioner shall require prior approval of certain specified authorities before passing an order of assessment or

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6	149	No notice shall be issued under section 148 if three years, but not more than ten years, have elapsed from the end of the relevant AY unless the AO has in his possession books of account or other documents or evidence revealing that income which escaped assessment amounts to 50 Lakh rupees or more.	<p>reassessment or re-computation.</p> <p>The scope of the section has been expanded. If the income chargeable to tax is represented in the form of-</p> <ol style="list-style-type: none">1. An asset;2. Expenditure in respect of a transaction or in relation to an event or occasion; <p>or</p> <ol style="list-style-type: none">3. An entry or entries in the books of account, which has escaped assessment, the same will also be covered now. <p>A new sub-section (1A) has been inserted stating that notice under section 148 shall be issued for every such assessment year for assessment, reassessment or re-computation, as the case may be. Where the income chargeable to tax has escaped the investment.</p> <p>These amendments will take effect retrospectively from 1st April, 2021.</p>
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❖ Section 153 of the Act relating to time limit for completion of assessment, reassessment & re-computation:

- A new clause has been inserted which excludes period of limitation of 180 days specified for the purpose of assessment, reassessment or recomputation.

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- **Period of Limitation** -It is proposed to exclude the following period from the time limit to issue notice u/s 148 :
- **From-** the date on which a search is initiated or a requisition is made.

To- the date on which the books of account or other documents, or any money, bullion, Jewellery or other valuable article or thing seized are handed over to the AO
- It is proposed to insert a **new sub-section 1(A)** in the said section to provide that where updated return is furnished under section 139, an order of assessment may be made any time before the expiry of Nine months from the end of the financial year in which such return was furnished.

Consequential amendment is proposed in Sec 92CA of the act w.e.f 1st April, 2022.

❖ Section 153 B – Time limit for completion of assessment under section 153A (Assessment in case of search or requisition):-

- It is proposed to insert a new sub-section (4) in the said section to provide that nothing contained in the said section shall apply to any search under section 132 or requisition done under section 132A on or after the 1st day of April, 2021.

❖ Rationalization of the provisions:

Sr No.	Section	Existing Provision	Proposed Provision
1	271AAB	This section enables the Assessing officer to levy penalty in case where search has been initiated under section 132.	The said section has been amended to extend the power to levy penalty to Commissioner (Appeals) also.
2	271AAC	This section enables the Assessing officer to levy penalty in cases where income determined includes cash credit, unexplained investments, unexplained money, investments not disclosed in books of accounts, unexplained expenditure & amount	The said section has been amended to extend the power to levy penalty to Commissioner (Appeals) also.

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		borrowed or repaid on hundi for any previous year.	
3	271AAD	This section enables the Assessing officer to levy penalty in cases where it is found that in the books of accounts maintained by any person there is false entry or omission of entry has been made while computing the total income of such person, to evade tax liability.	The said section has been amended to extend the power to levy penalty to Commissioner (Appeals) also.
4	272A	Penalty of Rs.100 is levied for failure to answer questions, sign statements, furnish information, returns or statements, allow inspections, etc.	The said section has been amended to levy the penalty of Rs.500 for failure to answer questions, sign statements, furnish information, returns or statements, allow inspections, etc.

❖ Amendment in the Provisions of section 179 of the Act.

Sr No.	Section	Existing Provision	Proposed Provision
1	179	The title/marginal heading of the section states the “Liability of directors of private company in liquidation ”. It provides for recovery of tax dues of a private company from its directors, in cases where such tax dues cannot be recovered from the company itself.	The words “in liquidation” have been omitted from marginal title. It is further proposed to include “fees” within the scope of the expression “tax due” in the Explanation to the said section

❖ **Revision of order: Section 263**

- Section 263 of the act contains provision for revision of order which is erroneous in so far as it is prejudicial to the interests of revenue.
- As per the amendment it is inserted that revision of order passed under section 92CA (Referring computation of arm's length price) - by the Transfer Pricing Officer (TPO) or Assessing Officer shall also be included.
- Powers can be exercised for following orders after amendment
 - An order modifying the order under section 92 CA or
 - An order cancelling the order under section 92CA and directing a fresh order under the said

❖ **Widening the scope of Section 119 - Income Tax Authority**

- **Section 119** of the Act empowers the Board to issue orders, instructions and directions to other income-tax authorities for proper administration of the Act and give power to provide relaxation to certain sections by general or special order to any class of incomes or class of cases.

❖ **Section 234F – Fee Penalty for delay in filing ITR**

- Where a person fails to furnish income tax return on prescribed time, he shall be liable to pay a fee of five thousand rupees.
- There are many cases where genuine hardships are faced by certain class of persons in filing return of income. Hence, the words “234F” have been inserted to widen the scope of Section 119 in order to provide relief and not to impose a fee or a default for cases which are beyond their control.

❖ **Insertion of New Section 139(8A) – Updated Income Tax Return:**

- Any person, whether or not he has furnished a return under sub-section (1), sub-section (4) or sub-section (5) of section 139, for an assessment year (herein referred to as the

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relevant assessment year) may file an '**Updated Income Tax Return**' within 2 years from the end of relevant AY.

- It has been amended that a return filed under the new provision sub-section (8A) of the said section 139 shall be defective unless such return is accompanied by the proof of payment of tax as required under the proposed.
- A new section 140B has been proposed to provide for the tax required to be paid for opting to file a return under the proposed provisions i.e. sub-section (8A) of section 139 of the Act.
- Such updated return shall be accompanied by proof of payment of such tax, additional tax, interest and fee.

❖ Insertion of new section 140B – Calculation of tax required to be paid under new section of 139(8A)

➤ Where no return furnished earlier:

- He shall be liable to pay the tax after considering advance tax, TDS, Relief u/s 89(Arrears in case of salary),90(Taxes paid in Foreign Country in accordance with DTAA), 91(Taxes paid in Foreign Country not in accordance with DTAA),115JAA or 115JD (taxes paid as per MAT/AMT) due together with interest and fee payable under any provision of the Act for any delay in furnishing the return or any default or delay in payment of advance tax, along with the payment of additional tax.

➤ Where return furnished earlier:

- In case where return is furnished earlier, interest payable under section 234BA, 234B and 234C shall be computed on an amount equal to the assessed tax wherein assessed tax means net tax on total income as declared as per new section. He shall be liable to pay the tax due together with interest and fee payable under any provision of the Act for any delay in furnishing the return or any default or delay in payment of advance tax, along with the payment of additional tax, as reduced by the amount of interest paid under the provisions of the Act in the earlier return.

❖ **Additional Income-Tax:**

- It is proposed that an additional tax to be paid at the time of furnishing said return an amount equal to 25% on aggregate of tax and interest payable is levied if return is furnished before completion of period of 12 months or 50% is levied if return is furnished after the expiry of 12 months but before completion of the period of 24 months from the end of the relevant assessment year. (Additional income-tax”, tax shall include surcharge and cess, by whatever name called, on such tax.)
- **Provisions not applicable for filing of updated return under relevant assessment year;**
 - If the updated return, is a **return of a loss** or has the **effect of decreasing the total tax liability** determined on the basis of return furnished under sub-section (1), sub section (4) or sub-section (5) or **results in refund or increases the refund due on the basis of return furnished** under sub-section (1), sub-section (4) or subsection (5), of such person under the Act for the relevant assessment year.
- In case of **Search and Survey** initiated under section 132, section 132A and section 133A;
 - a notice has been issued to the effect that any books of account, money, bullion, jewellery or valuable article or thing, seized or requisitioned under section 132 or section 132A in the case of any other person belongs to such person, or this provision is for the assessment year relevant to the previous year in which such search is initiated or survey is conducted or requisition is made and two assessment years preceding such assessment year.
- Any proceeding for assessment or reassessment or re computation or revision of income under the Act is pending or has been completed for the relevant assessment year in his case, or
- The Assessing Officer has information in respect of such person for the relevant assessment year in his possession under the Prevention of Money Laundering Act, 2002 or the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 or the Prohibition of Benami Property Transactions Act, 1988 or The Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 and

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the same has been communicated to him, prior to the date of his filing of return under the proposed sub-section (8A) of section 139 of the Act, or

- information for the relevant assessment has been received under an agreement referred to in sections 90 or 90A of the Act in respect of such person and the same has been communicated to him, prior to the date of his filing of return under the proposed sub-section (8A) of section 139 of the Act, or
- any prosecution proceedings under Chapter XXII have been initiated for the relevant assessment year in respect of such person, prior to the date of his filing of return under the proposed sub-section(8A) of section 139 of the Act, or
- He is a person or belongs to a class of persons, as maybe notified by the Board in this regard.

These amendments will take effect from 1st April, 2022.

❖ Litigation management when in an appeal by revenue an identical question of law is pending before jurisdictional High Court or Supreme Court. (Proposed to insert a new section 158AB in the Act)

- Where a question of law is common and where a decision of the jurisdictional High Court, on the same question of law is available, the filing of appeal in such cases can be avoided to reduce the amount of litigation.
 - In case litigation where decision is not final by higher authorities and the case is still in the court, the collegium may direct Commissioner or Principal commissioner who may further direct AO to make an application Within 60days from the date of receipt of the order of the Commissioner (Appeals) or within 120 days from the date of receipt of the order of the Appellate Tribunal stating that appeal on the question of law may be filed when the decision on the question of law becomes final in the other case.

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- Note : This shall be subject to the acceptance of assessee and if no acceptance is received, the said proceedings shall be proceeded in accordance with normal provisions
- “collegium” shall comprise of two or more Chief Commissioners or Principal Commissioners or Commissioners of Income-tax, as specified by the Board in this regard.

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

❖ Amendment in section 245MA of the Act related to Dispute Resolution Committee.

- Finance Act, 2021 introduced a new chapter XIX-AA in the Act consisting of section 245MA for constituting Dispute Resolution Committee (“DRC”) for specified persons who may opt for dispute resolution.

Sr. No.	Section	Existing Provision	Proposed Provision
1	245MA	This section does not contain any provision which will enable the Assessing Officer to pass an order giving effect to the order or directions of the Dispute Resolution Committee.	It is proposed to insert a new sub-section to this section to enable the Assessing Officer to pass an order giving effect to the resolution of dispute by the DRC, AO shall pass the final order in conformity with the order by the DRC even in the case of an eligible assessee.

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

I. Exemptions under Section 10 and Deduction under Chapter VI-A

❖ Relief on withdrawal of annuity/ lump sum amount to Parent/ Guardian of disabled person

- As per the existing provisions deduction is allowed to the Resident Individual/HUF (Subscriber to the Policy) incurring expenditure for medical treatment or Insurance payments done on behalf of a dependant person with disability, provided if the payment of annuity or lump sum amount is made benefit to the dependant in event of death of Subscriber Individual of Member of HUF.
- Where the dependent predeceases the subscriber the amount received is charged in the hands of the subscriber in the year in which the amount is received.
- Understanding the need where handicapped or disabled person may need payment of annuity or lump sum amount even during lifetime of parents/guardians, it is hereby allowed to withdraw the amount on attaining the age of 60 years of the parent or guardian (Subscriber) where the payment or deposit has been discontinued.

This amendment will take effect from 1st April 2023 onwards and will apply in relation to AY 2023-24 and subsequent years.

❖ Extension of date of incorporation for eligible start up for exemption

- The last date for incorporation of startups u/s 80 IAC which states the deduction available for income of eligible startups has been increased from 1st April 2022 to 31st March 2023

This amendment will take effect from 1st April 2022 onwards and will apply in relation to AY 2022-23 and subsequent years.

❖ **Incentives to National Pension System (NPS) subscribers for State government employees**

- Deduction for State government **Employer's contribution for NPS** is raised from 10% to 14% to be at par with Central Government Employees.
- This amendment will take effect retrospectively from 1st April, 2020 and will accordingly apply in relation to the assessment year 2020-21 and subsequent assessment years

❖ **Withdrawal of exemption under clauses (8), (8A), (8B) and (9) of section 10 of the Income-tax Act, 1961- reg.**

- Any exemption provided for any remuneration, fee or income derived in India, for assigning duties in India, in connection with any co-operative technical assistance programmes and projects which are required to be in accordance with an agreement entered by the Central Government and the Government of a foreign state to;
 - Any individual of foreign state (Clause 8),
 - consultant who is non-resident (Clause 8A)
 - Employees of Consultant who is non-resident (clause 8B)
 - family members of the individual or consultant as referred above (clause 9)
- Will not be allowed for previous year relevant to the assessment year beginning on or after the 1st day of April, 2023.

J. International Financial Service Center

❖ Tax incentives to IFSC's (International Financial Service Center)

- Maintaining the past years trend, the current budget has also passed on some incentives for the units located in IFSC sector.

Section	Existing Provision	Amended Provision
10 (4E)	Exemption to income accrued or arisen or received to non-resident on transfer of non-deliverable forward contracts entered with an offshore banking unit of IFSC	Along with non-deliverable forward contracts, Income from transfer of offshore derivative instruments or Over the Counter derivatives also covered
10 (4F)	Exemption to income accrued or arisen or received to non-resident on leasing of aircraft to an IFSC Unit	Along with leasing of aircraft, leasing of ship is also added
10 (4G)	No such clause	Insertion of new clause stating exemption to income received by a non-resident from portfolio of securities/financial products/funds administered by Portfolio Manager in an account maintained with offshore Banking Unit located in IFSC Sector
80(LA) (2d)	Income arising from transfer of aircraft eligible for deduction under above section	Along with aircraft, income from ship is also eligible for same.

This amendment will take effect from 1st April 2023 onwards and will apply in relation to AY 2023-24 and subsequent years.

K. Others

❖ Widening the scope of reporting by producers of cinematograph films or persons engaged in specified activities

- As per section 285B, the producer of cinematographic films is required to furnish a statement containing particulars of all payments over Rs. 50,000/- in the aggregate made by him or due from him to each person engaged by him within 30 days from the end of the financial year or from the date of completion of film, whichever is earlier.
- The budget proposed to widen the scope of section 285B. Now the “Specified Activities” would also cover event management, documentary production, production of programs for telecasting on television or over the top platforms or any other similar platform, sports event management, other performing arts or any other activity as the Central Government may, by notification in the Official Gazette, specify in this behalf.

This amendment will take effect from 1st April 2022

INDIRECT TAXES

A. GOODS AND SERVICES TAX

The amendment shall take place through notification issued on later date:

Sr. No.	Section	Existing Provision	Proposed Provision	Impact
1.	Section 16 of CGST Act Eligibility and conditions for taking input tax credit.	New provision i.e. Sub section "ba" shall be inserted	"(ba) the details of input tax credit in respect of the said supply communicated to such registered person under section 38 has not been restricted.	As per the new condition inserted in Sub-section (2) the dealer is only eligible to availed Input credit unless and until the fulfillment of condition mentioned in Section 38 (The same is explained in Point.)
2.	Section 16 of CGST Act Eligibility and conditions for taking input tax credit.	(c) subject to the provisions of 3[section 41 or section 43A], the tax charged in respect of such supply has been actually paid to the Government, either in cash or through utilization of input tax credit admissible in respect of the said supply.	Provision as per Section 43A Procedure for furnishing return and availing input tax credit is omitted.	Eligibility of Input Tax credit as per Section 43A has been omitted.

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3.	Section 16 of Eligibility and conditions for taking input tax credit	The words of sub-section (4), due date of furnishing of the return under section 39 for the month of September	Shall be substitute words sub-section (4), thirtieth day of November	The Last date of availing Input Tax Credit has been changed from and Sempther to November and Now dealer can claim Input Tax credit or any debit note upto the 30th November of end of the financial year.
4.	Section 29 of Cancellation of registration	(b) a person paying tax under section 10 has not furnished returns for three consecutive tax periods	(b) a person paying tax under section 10 has not furnished the return for a financial year beyond three months from the due date of furnishing the said return	The GST number will be cancelled if the Composition Dealer does not file GST return for the Year within 3 Months from the due date of filing of Return
	Section 29 of Cancellation of registration	(c) any registered person, other than a person specified in clause (b), has not furnished returns for a continuous period of six months	(c) any registered person, other than a person specified in clause (b), has not furnished returns for a such continuous tax period as may be prescribed.	The GST number will be cancelled by the dealer other than Composition

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				Dealer for continuous non filing of the GST Return. (The Govt. will prescribe the Tax Periods)
5.	Sec 34 (2) of CGST Act Time Limit for issue of Credit Note & Debit Notes.	The registered person is allowed to issue Credit Notes pertaining to a financial year provided it is declared in the GST return of 1) September of next financial year, or 2) The date of furnishing of the annual return for the financial year. whichever is earlier	The registered person is allowed to issue Credit Notes pertaining to a financial year provided it is declared in the GST return of 1) 30th November of next financial year, or 2) The date of furnishing of the annual return for the financial year. whichever is earlier	The Registered person gets additional time for issue of credit notes pertaining to a financial year.
6.	Sec 37(3) of CGST Act Time limit for Amendments in Filing the Returns	The registered person who has furnished the details, on discovery of any error or omission therein to rectify shall pay the tax and interest, till September of the next financial year to which such details pertain, or furnishing of the relevant annual return, whichever is earlier	The registered person who has furnished the details, on discovery of any error or omission therein to rectify shall pay the tax and interest, till 30th November of the next financial year to which such details pertain, or furnishing of the relevant annual return, whichever is earlier	The Registered person gets additional time for making the amendments, if any, pertaining to a financial year.
7.	Section 39- Furnishing of returns.	As per subsection 5 of section 39, every registered non-resident taxable person shall, furnish, a return, electronically, within twenty	In sub-section (5), for the word “twenty”, the word “thirteen” shall be substituted	Non-Resident taxable person shall file his return within 13 days

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		days after the end of a calendar month or within seven days after the last day of the validity of registration as per section (1) of section 27.		(earlier 20 days) after the end of calendar Month.
8.	Section 39- Furnishing of returns.	As per first proviso to subsection 7 of section 39, every registered person furnishing return under the proviso to subsection (1) shall pay to the Government, the tax dues taking into account inward and outward supplies of goods or services or both, input tax credit availed, tax payable and such other particulars during a month, in such form and manner, and within such time, as may be prescribed.	In sub-section (7), for the first proviso, the following proviso shall be substituted, namely: — “Provided that every registered person furnishing return under the proviso to sub-section (1) shall pay to the Government, in such form and manner, and within such time, as may be prescribed, – (a) an amount equal to the tax dues taking into account inward and outward supplies of goods or services or both, input tax credit availed, tax payable and such other particulars during a month; or (b) in lieu of the amount referred to in clause (a), an amount determined in such manner and subject to such conditions and restrictions as may be Prescribed.”	Proposed amendment provides an option to the persons furnishing return under proviso to sub-section (1), to pay either the self-assessed tax or an amount that may be prescribed.
9.	Section 39- Furnishing of returns.	As per subsection 9, Subject to the provisions of sections 37 and 38, if any registered	(c) in sub-section (9), — (i) for the words and figures “Subject to the	As per Second amendment, if any error or

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		<p>person after furnishing a return under sub-section (1) or sub-section (2) or sub-section (3) or sub-section (4) or sub-section (5) of section 39, discovers any omission or incorrect particulars therein, other than as a result of scrutiny, audit, inspection or enforcement activity by the tax authorities, he shall rectify such omission or incorrect particulars in the return to be furnished for the month or quarter during which such omission or incorrect particulars are noticed, subject to payment of interest under this Act</p>	<p>provisions of sections 37 and 38, if”, the word “Where” shall be substituted;</p> <p>(ii) in the proviso, for the words “the due date for furnishing of return for the month of September or second quarter”, the words “the thirtieth day of November” shall be substituted;</p>	<p>omission is found by Supplier/ Recipient, Supplier will be able to rectify the return on or before 30th day of November of following Year.</p>
10.	Section 39- Furnishing of returns.	<p>As per provisions of subsection 10, registered person shall not be allowed to furnish a return for a tax period if the return for any of the previous tax periods has not been furnished by him.</p>	<p>In sub-section (10), for the words “has not been furnished by him”, the following shall be substituted, namely: —</p> <p>“or the details of outward supplies under sub-section(1) of section 37 for the said tax period has not been furnished by him:</p> <p>Provided that the Government may, on the recommendations of the Council, by notification, subject, allow registered</p>	<p>Current Period GSTR 1 Cannot be filed until pervious GSTR-1 is filed.</p>

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			<p>persons to furnish the return, even if he has not furnished</p> <p>the returns for one or more previous tax periods or has not furnished the details of outward supplies under subsection (1) of section 37 for the said tax period.”.</p>	
11.	Section 41 substituted with new section 41.	<p>Every registered person is entitled to take the credit of eligible input tax, self-assessed, in his return.</p> <p>The credit so availed can be utilized only for payment of self-assessed output tax.</p>	<p>Every registered person is entitled to avail the credit of eligible input tax, as self-assessed, in his return.</p> <p>The credit so availed needs to be reversed along with interest in case the supplier has not paid that tax.</p> <p>Provided that the registered person can re-avail this credit when the supplier pays the tax.</p>	<p>Registered person needs to ensure that the supplier pays the tax on the supplies made only then the registered person can claim ITC of same.</p>
12.	Section 47 of CGST Act (Levy of late fees)	<p>In case of delay in filing of returns under</p> <p>section37 (GSTR 1) or section38 (GSTR 2) or section39 (GSTR 3B) or section 45 (Final Return)</p> <p>late fee of one hundred rupees for every day of delay subject to a maximum amount of five thousand rupees is levied.</p>	<p>In case of delay in filing of returns under</p> <p>section37 (GSTR 1) or section39 (GSTR 3B) or section 45 (Final Return) or section 52(TCS return)</p> <p>late fee of one hundred rupees for every day of delay subject to a maximum amount of five thousand rupees is levied.</p>	<p>Late filing fees is now levied on delay in filing of return as per section 52 (return filed by ecommerce operator as regards sales made and TCS collected on same) and as return under</p>

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				section 38 (GSTR 2) has been scrapped the same has been removed from section.
13.	Section 48 of CGST Act (Goods and services tax practitioners.)	According to Section 48 The manner of approval of goods and services tax practitioners, their eligibility conditions, duties and obligations, manner of removal and other conditions relevant for their functioning shall be such as may be prescribed. Under section 48 sub section (2) A registered person may authorize an approved goods and services tax practitioner to furnish the following The details of outward supplies under section 37 (GSTR-1) the details of inward supplies under section 38 (GSTR-2) the return under section 39 (GSTR -3B) the returns under section 44 (Annual return) or section	According to Section 48 The manner of approval of goods and services tax practitioners, their eligibility conditions, duties and obligations, manner of removal and other conditions relevant for their functioning shall be such as may be prescribed. Under section 48 sub section (2) A registered person may authorize an approved goods and services tax practitioner to furnish the following The details of outward supplies under section 37 (GSTR-1) the details of inward supplies under section 38 (GSTR-2) the return under section 39 (GSTR -3B) the returns under section 44 (Annual return) or section	The registered person is not required to authorize the details of its inward supplies (GSTR2) under section 38 while authorizing it to the services tax practitioner.

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		45 (Final Return) in such manner as may be prescribed.	45 (Final Return) in such manner as may be prescribed	
13.	Section 49 of CGST Act Payment of tax, interest, penalty and other amounts	(2) The input tax credit as self-assessed in the return of a registered person shall be credited to his electronic credit ledger, in accordance with section 41 or section 43A prescribed.	in sub-section (2), the words, figures and letter “or section 43A” shall be omitted;	The ITC is now available to the dealer after the fulfillment of certain conditions as mentioned in Section 41 (the Impact is mentioned above)
14.	Section 49 (4) of CGST Act Payment of tax, interest, penalty and other amounts	(4) the amount available in electronic credit ledger may be used for making any payment towards output tax under CGST law subject to such conditions.	in sub-section (4), after the words “subject to such conditions”, the words “and restrictions” shall be inserted;	The Government may provide restrictions vide Notification for using credit for payment of output tax
15.	Section 49 (10) of CGST Act Payment of tax, interest, penalty and other amounts	(10) of the CGST Act, 2017 is allowing registered person to transfer of balance in electronic cash ledger from one head to another and it shall be deemed to be refund.	“(10) A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under this Act, to the electronic cash ledger for, — (a) integrated tax, central tax, State tax, Union territory tax or cess; or	The registered person having multiple GST Number on Single PAN can now transfer the Balance in Cash ledger to another GSTIN subject to conditions

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			<p>(b) integrated tax or central tax of a distinct person as specified in sub-section (4) or, as the case may be, subsection</p> <p>(5) of section 25, in such form and manner and subject to such conditions and restrictions as may be prescribed and such transfer shall be deemed to be a refund from the electronic cash ledger under this Act:</p> <p>Provided that no such transfer under clause (b) shall be allowed if the said registered person has any unpaid liability in his electronic liability register.”</p>	prescribed in Act.
16.	Section 49 (12) of CGST Act Payment of tax, interest, penalty and other amounts		<p>(12) Notwithstanding anything contained in this Act, the Government may, on the recommendations of the Council, subject to such conditions and restrictions, specify such maximum proportion of output tax liability under this Act or under the Integrated Goods and Services Tax Act, 2017 which may be discharged through the electronic credit ledger by a registered person or a class of registered</p>	

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			persons, as may be prescribed.”.	
17.	Section 50 of CGST Act Interest on delayed payment of tax.	A taxable person who makes an undue or excess claim of input tax credit under sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty four per cent., as may be notified by the Government on the recommendations of the Council.	Where the input tax credit has been wrongly availed and utilized, the registered person shall pay interest on such input tax credit wrongly availed and utilized, at such rate not exceeding twenty-four per cent. as may be notified by the Government, on the recommendations of the Council, and the interest shall be calculated, in such manner as may be prescribed.”	The Input Tax Credit wrongly availed and utilized if both situations occurs than interest will be attracted.
		Earlier as per section 50(3) the Rate of interest was 24% under CGST IGST & UTGST Act	Notification No. 13/2017 – Central Tax, Notification No. 6/2017 – Integrated Tax, dated the 28th June, 2017 ,Notification number 10/2017 – Union Territory Tax, dated the 30th June, 2017, is being amended retrospectively, with effect from the 1st day of July, 2017, so as to notify rate of interest under sub-section (3) of section 50 of the CGST Act as 18%.	The Rate of Interest is proposed to be change from 24% to 18% retrospectively w.e.f. 01 st July 2017.
18.	Section 52 of CGST Act Collection of	If the ECO discovers any discrepancy on his own not being the result of any scrutiny, inspection or	If the ECO discovers any discrepancy on his own not being the result of any scrutiny, inspection or	It to proposed that, the the rectification in the statement

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	tax at source.	enforcement proceedings, he has to rectify the statement. However, the limit for rectification is earlier of the two: – (i) Due date for filing statement for the month of September following the end of the financial year. OR (ii) Actual date of furnishing of annual statement.	enforcement proceedings, he has to rectify the statement. However, the limit for rectification is earlier of the two: – (i) Thirtieth day of November (Due date for filing statement for the month of October following the end of the financial year. OR (ii) Actual date of furnishing of annual statement.	can be done up to 30th day of November or annual return whichever is earlier.
19.	Section 54 (1) of CGST Act	Section 54(1) of the CGST Act provides that refund claim of any balance in the electronic cash ledger in accordance with the provisions of section 49(6), may claim such refund in the return furnished under section 39 in such manner as may be prescribed.	Section 54(1) of the CGST Act is being amended so as to provide that refund claim of any balance in the electronic cash ledger shall be made in such form and manner as may be prescribed.	Refund of Electronic Cash Ledger Balance is no longer linked to the Return, however the methodology is yet to be notified.
20.	Section 54 (2) of CGST Act	Earlier the specialised agency of the United Nations Organisation or any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), Consulate or Embassy of foreign countries shall file refund application within Six Months from the last day of	The specialised agency of the United Nations Organisation or any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), Consulate or Embassy of foreign countries shall file refund application within 2 years from the last day of the quarter in which the said	The Time limit for filing Refund application extended from Six years to 2 years.

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		the quarter in which the said supply was received.	supply was received.	
21.	Section 54 (10) of CGST Act	The scope of withholding of or recovery from refund was limited to refunds due under Section 54(3) which includes zero rated supplies made without payment of tax and Where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies.	The scope of withholding of or recovery from refund applies to all types of refund.	It extends the scope of withholding of or recovery from refunds in respect of all types of refund.
22.	Section 54 of CGST Act		A new clause has been added to the Explanation stating that the relevant date for filing refund claim in case of tax paid on supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit is the due date for furnishing of return under section 39 in respect of such supplies.	The Refund is to be claimed within 2 years from the due date of GSTR 3B in case of taxes paid on supply to SEZ.
23.	Section 168 (2) of CGST Act	The Commissioner specified in clause (91) of section 2, sub-section (3) of section 5, clause (b) of sub-section (9) of section 25, sub-sections (3) and (4) of section 35, sub-section (1) of section 37, sub-section (2) of section 38, sub-section (6) of section	The words, brackets and figures “sub section (2) of section 38,” shall be omitted in the given Section 168(2) as there has been an amendment in Sec 38 stating that an automated statement will be generated to the recipient instead of the	This Section is amended to give effect to sec 38 i.e. ITC availment conditions and restrictions mentioned above.

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		39, [section 44], sub-sections (4) and (5) of section 52], [sub-section (1) of section 143, except the second proviso thereof], clause (1) of sub-section (3) of section 158 and section 167 shall mean a Commissioner or Joint Secretary posted in the Board and such Commissioner or Joint Secretary shall exercise the powers specified in the said sections with the approval of the Board.	existing two-way communication process involving the Commissioner.	
24.	Retrospective amendments of GST rates notification		Central Tax, Union Territory Tax and Integrated Tax shall not be levied or collected in respect of supply of unintended waste generated during the production of fish meal except for fish oil, from 1st July 2017 till 30th September 2019, subject to the condition that if the said tax has been collected, the same would not be eligible for refund.	No Tax shall be levied or collected on supply of Waste generated during the production of fish meal except for fish oil, from 1st July 2017 till 30th September 2019, no refund shall be granted for the same.
			Service by way of grant of alcoholic liquor license against consideration in the	Fees for Liquor License paid to the

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			form of license fee or application fee has been declared as an activity or transaction which shall be treated neither as a supply of goods nor a supply of service with retrospective effect from 01.07.2017, subject to the condition that if the said tax has been collected, the same would not be eligible for refund.	Government are to be considered in Schedule III i.e. neither goods or services w.e.f 01.07.2017, however no refund for taxes already will be granted.
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❖ The existing section 38 pertaining to furnishing of details of Inward supplies (GSTR 2) has been wholly substituted. The new provisions of the section are as under:

- The details of outward supplies furnished by the registered persons under sub-section (1) of section 37 (GSTR 1), and an autogenerated statement containing the details of input tax credit (GSTR 2B) shall be made available electronically to the recipients of such supplies.
- The auto-generated statement under sub-section (1) shall consist of—
- details of inward supplies on which credit of input tax may be available to the recipient; and
- details of supplies in respect of which such credit cannot be availed, whether wholly or partly, by the recipient, on account of the details of the said supplies being furnished by any registered person under sub-section (1) of section 37 -
 - (i) within such period of taking registration as may be prescribed; or
 - (ii) who has not paid the tax.
 - (iii) who has made short payment of tax.

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(iv) who has claimed excess credit than the eligible credit.

(v) who has defaulted as per new provisions of sub section (12) of section 49;

(vi) by such other class of persons as may be prescribed.”.

B. CUSTOMS

❖ Amendments in the Customs Act, 1962:

Sr.No.	Section	Existing Provision	Proposed Provision
1.	Clause (34) of section 2:	(34) "proper officer", in relation to any functions to be performed under this Act, means the officer of customs who is assigned those functions by the Board or the 29 [Principal Commissioner of Customs or Commissioner of Customs]	(34) "proper officer", in relation to any functions to be performed under this Act, means the officer of customs who is assigned those functions by the Board or the 29 [Principal Commissioner of Customs or Commissioner of Customs under section 5]
2.	Section 14 Valuation of goods	New provision i.e. Sub section (1) clause (iv) shall be inserted	Clause (iv) the additional obligations of the importer in respect of any class of imported goods and the checks to be exercised, including the circumstances and manner of exercising thereof, as the Board may specify, where, the Board has reason to believe that the value of such goods may not be declared truthfully or accurately, having regard to the trend of declared value of such goods or any other relevant criteria.
3.	Section 28I	Sub-section (7) A copy of the advance ruling pronounced by the Authority, duly signed by the Members and certified in the prescribed manner shall be sent to the applicant and to the 6 [Principal Commissioner of	Sub-section (7) A copy of the advance ruling pronounced by the Authority, duly signed by the and certified in the prescribed manner shall be sent to the applicant and to the 6 [Principal Commissioner of Customs or

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		Customs or Commissioner of Customs], as soon as may be, after such pronouncement.	Commissioner of Customs], as soon as may be, after such pronouncement.
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❖ Insertion of New Section:

➤ Section 5(1A)

- Without prejudice to the provisions contained in sub-section (1), the Board may, by notification, assign such functions as it may deem fit, to an officer of customs, who shall be the proper officer in relation to such functions.

➤ Section 5(1B)

- Within their jurisdiction assigned by the Board, the Principal Commissioner of Customs or Commissioner of Customs, as the case may be, may, by order, assign such functions, as he may deem fit, to an officer of customs, who shall be the proper officer in relation to such functions.

➤ Section 5(4)

- In specifying the conditions and limitations referred to in sub-section (1), and in assigning functions under sub-section (1A), the Board may consider any one or more of the following criteria, including, but not limited to;
 - a. territorial jurisdiction;
 - b. persons or class of persons;
 - c. goods or class of goods;
 - d. cases or class of cases;
 - e. computer assigned random assignment;
 - f. Any other criterion as the Board may, by notification, specify.

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➤ **Section 5(5)**

- The Board may, by notification, wherever necessary or appropriate, require two or more officers of customs (whether or not of the same class) to have concurrent powers and functions to be performed under this Act.

➤ **Section 110AA**

- Where in pursuance of any proceeding, in accordance with Chapter XIA or this Chapter, if an officer of customs has reasons to believe that-
 - any duty has been short-levied, not levied, short paid or not paid in a case where assessment has already been made;
 - any duty has been erroneously refunded;
 - any drawback has been erroneously allowed; or
 - any interest has been short-levied, not levied, short-paid or not paid, or erroneously refunded,

then such officer of customs shall, after causing inquiry, investigation, or as the case may be, audit, transfer the relevant documents, along with a report in writing—

- to the proper officer having jurisdiction, as assigned under section 5 in respect of assessment of such duty, or to the officer who allowed such refund or drawback; or
- in case of multiple jurisdictions, to an officer of customs to whom such matter is assigned by the Board, in exercise of the powers conferred under section 5, and thereupon, power exercisable under sections 28, 28AAA or Chapter X, shall be exercised by such proper officer or by an officer to whom the proper officer is subordinate in accordance with sub-section (2) of section 5.”.

➤ **Section 135AA**

- If a person publishes any information relating to the value or classification or quantity of goods entered for export from India, or import into India, or the details of the exporter or importer of such goods under this Act, unless required so to do under any

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law for the time being in force, he shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to fifty thousand rupees, or with both.

- Nothing contained in this section shall apply to any publication made by or on behalf of the Central Government.

Explanation. — For the purposes of this section, the expression “publishes” includes reproducing the information in printed or electronic form and making it available for the public.

❖ **Below are some items, on which Customs duty rate is proposed to be changed from 02nd February, 2022**

S. No.	Heading, sub-heading or tariff item	Commodity	Existing Rate	Amended rate
A. Tariff rate changes for Basic Customs Duty				
1	7117	Gems and Jewellery Sector		
		Imitation Jewellery	20%	20% or Rs. 400/kg., whichever is higher
2	8541 42 00	Solar Energy Sector		
		Solar Cells (other than those exclusively used with ITA-1 items) (rate ‘nil’ till 31.03.22)	20%	25%
B. Tariff rate changes (without any change in the effective rates of Basic Customs Duty)				
1	2905 31 00	Mono ethylene glycol (MEG)	10%	5%
2	3901 to 3915 (except 3904, 3906 90 70, and 3908)	Plastics in primary forms (except polymers of vinyl chloride, polyamides)	10%	7.5%

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3	5201	Cotton, not carded or combed	25%	5%
4	5202	Cotton waste	25%	10%
5	5204, 5205, 5206	Cotton sewing thread, Cotton yarn (not put up for retail sale)	20%	10%
6	5207	Cotton yarn (put up for retail sale)	25%	10%
7	5208 11, 5208 12, 5208 13, 5208 19, 5208 21, 5208 22, 5208 23, 5208 29, 5208 31, 5208 32, 5208 33	Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing not more than 200g/sq. m.	25%	10%
8	5208 41	Woven fabrics of cotton (of yarn of different colours)	25% or Rs. 9 per sq. m., whichever is higher	10% or Rs. 9 per sq. m., whichever is higher
9	5208 43	Woven fabrics of cotton (7 th above-3-thread or 4-thread twill, including cross twill)	25%	10%
10	5208 51	Woven fabrics of cotton (7 th above-plain weave, weighing not more than 100g/sq. m.)	25% or Rs. 27 per sq. m., whichever is higher	10% or Rs. 27 per sq. m., whichever is higher
11	5209 11, 5209 12, 5209 21, 5209 22, 5209 29, 5209 19 00	Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing more than 200g/sq. m.	25%	10%

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12	5209 42 00	Woven fabrics of cotton (11 th above-Denim)	25% or Rs. 25 per sq. m., whichever is higher	10% or Rs. 25 per sq. m., whichever is higher
13	5210 11, 5210 21, 5210 29, 5210 31, 5210 32	Woven fabrics of cotton, containing less than 85% by weight of cotton, mixed mainly or solely with man-made fibres, weighing not more than 200g/sq. m.	25%	10%
14	5210 41	Woven fabrics of cotton (13 th above- yarns of different colours)	25% or Rs. 15 per sq. m., whichever is higher	10% or Rs. 15 per sq. m., whichever is higher
15	5211 11, 5211 12, 5211 19 00, 5211 20	Woven fabrics of cotton, containing less than 85% by weight of cotton, mixed mainly or solely with man-made fibres, weighing more than 200g/sq. m.	25%	10%
16	5211 42 00	Woven fabrics of cotton, containing (15 th above-Denim)	25% or Rs. 18 per sq. m., whichever is higher	10% or Rs. 18 per sq. m., whichever is higher
17	5212 11 00, 5212 12 00, 5212 13 00, 5212 14 00	Other woven fabrics of cotton, weighing not more than 200g/sq. m., unbleached, bleached, dyed, of yarns of different colours	25%	10%
18	5212 15 00	Other woven fabrics of cotton, printed	25% or Rs. 165 per kg., whichever is higher	10% or Rs. 165 per kg., whichever is higher
19	5212 21 00, 5212 22 00, 5212 23 00	Other woven fabrics of cotton, weighing more than 200g/sq. m., unbleached, bleached, dyed	25%	10%

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20	5212 24 00	Other woven fabrics of cotton, yarns of different colours	25% or Rs. 20 per sq. m., whichever is higher	10% or Rs. 20 per sq. m., whichever is higher
21	5212 25 00	Other woven fabrics of cotton, printed	25% or Rs. 165 per kg., whichever is higher	10% or Rs. 165 per kg., whichever is higher
22	5311	Woven fabrics of other vegetable textile fibres or paper yarn	25%	10%
23	5401	Sewing thread of man-made filaments, whether or not put up for retail sale	20%	5%
24	5402	Synthetic filament yarn, not put up for retail sale, including synthetic monofilament of less than 67 decitex	20%	5%
25	5403	Artificial filament yarn, not put up for retail sale, including artificial monofilament of less than 67 decitex	20%	5%
26	5404	Synthetic monofilament of 67 decitex or more	20%	5%
27	5405	Artificial monofilament of 67 decitex or more	20%	5%
28	5406	Man-made filament yarn	20%	5%
29	5407 10 11, 5407 10 12, 5407 10 13, 5407 10 14, 5407 10 15, 5407 10 16, 5407 10 19, 5407 10 22, 5407 10 23, 5407 10 24, 5407 10 25,	Woven fabrics of synthetic filament yarn	25% or Rs. 115 per kg., whichever is higher	20% or Rs. 115 per kg., whichever is higher

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	5407 10 29, 5407 10 31, 5407 10 33, 5407 10 34, 5407 10 35, 5407 10 36, 5407 10 39, 5407 10 43, 5407 10 44, 5407 10 45, 5407 10 46, 5407 10 49, 5407 10 91, 5407 10 92, 5407 10 93, 5407 10 94, 5407 10 95, 5407 10 96, 5407 10 99			
30	5408 33 00	Dyed fabrics of rayon, of yarns of different colours	25% or Rs. 10 per sq. m., whichever is higher	20% or Rs. 10 per sq. m., whichever is higher
31	5408 34	Printed fabrics of rayon	25% or Rs. 11 per sq. m., whichever is higher	20% or Rs. 11 per sq. m., whichever is higher
32	6105 10, 6105 20	Men's or boy's shirts, knitted or crocheted, of cotton or man-made fibres	25% or Rs. 83 per piece, whichever is higher	20% or Rs. 83 per piece, whichever is higher

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33	6105 90 10, 6105 90 90, 6106 10 00	Men's or boy's shirts, knitted or crocheted, of other textile materials; Women's or girls blouses, shirts and shirt blouses, knitted or crocheted, of cotton	25% or Rs. 90 per piece, whichever is higher	20% or Rs. 90 per piece, whichever is higher
34	7201, 7202, 7203, 7205	Pig iron, Ferro Alloys, Ferrous Products, etc.	15%	5%
35	7202 60 00	Ferro-nickel	15%	2.5%
36	7404	Copper waste and scrap	5%	2.5%
37	7411 or 7412	Copper tubes and pipes, or fittings	10%	7.5%
38	75	Nickel and articles thereof	5%	-
39	7602	Aluminium scrap	5%	2.5%
40	8502 (except 8502 11 00, 8502 20 10, 8502 40 00)	Specified electrical generating sets and rotary convertors	10%	7.5%
41	8503 00 10, 8503 00 21 or 8503 00 29	Parts of electric motors or generators	10%	7.5%
42	9018 32 30, 9018 50 20, 9018 90 21, 9018 90 24, 9018 90 43, 9018 90 95, 9018 90 96, 9018 90 97, 9018 90 98	Specific instruments and appliances used in medical, surgical, dental or veterinary sciences like tonometer, tubular needles for medical sutures etc.	10%	5%
43	9018 (other than items in entry at Sr. No. 407. above and 9018 90 99)	Other medical equipment and medical related goods used in medical, surgical, dental or veterinary sciences like catheters, cannulae, defibrillator etc.	10%	7.5%

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C. Tariff rate changes (with change in the effective rates of Basic Customs Duty)				
1	5208 42	Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing not more than 200g/sq. m., plain weave, weighing more than 100g/sq. m.	25% or Rs.37 per sq. m., whichever is higher	10% or Rs. 22 per sq. m., whichever is higher
2	5208 49	Other Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing not more than 200g/sq. m.	25% or Rs. 200 per kg., whichever is higher	10% or Rs. 143 per kg., whichever is higher
3	5208 52	Other Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing not more than 200g/sq. m., plain weave, weighing not more than 100g/sq. m.	25% or Rs. 23 per sq. m., whichever is higher	10% or Rs. 14 per sq. m., whichever is higher
4	5208 59	Other Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing not more than 200g/sq. m.	25% or Rs.50 per sq. m., whichever is higher	10% or Rs.30 per sq. m., whichever is higher
5	5209 31, 5209 32, 5209 39	Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing more than 200g/sq. m., dyed, plain weave, 3-thread or 4thread twill, including cross twill, other fabrics	25% or Rs.150 per kg., whichever is higher	10% or Rs.150 per kg., whichever is higher
6	5209 41	Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing more than 200g/sq. m., of yarns of different colours, plain weave	25% or Rs.32 per sq. m., whichever is higher	10% or Rs.30 per sq. m., whichever is higher

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7	5209 43	Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing more than 200g/sq. m., other fabrics of 3-thread or 4-thread twill, including cross-twill	25% or Rs.30 per sq. m., whichever is higher	10% or Rs.28 per sq. m., whichever is higher
8	5209 49	Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing more than 200g/sq. m., other fabrics of yarns of different colours	25% or Rs.150 per kg., whichever is higher	10% or Rs.150 per kg., whichever is higher
9	5209 51, 5209 52	Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing more than 200g/sq. m., printed plain weave or 3-thread or 4-thread twill, including cross-twill	25% or Rs. 30 per sq. m., whichever is higher	10% or Rs. 24 per sq. m., whichever is higher
10	7204	Ferrous waste and scrap ('nil' rate till 31.03.23)	15%	2.5%

❖ Other Proposals involving changes in Basic Customs Duty Rates/Health Cess in respective Notification

S. No.	Chapter, heading, subheading, or tariff item	Commodity	Existing Rate	Amended Rate
		Fuels, Chemicals and Plastics		
1	2710 19	Fuel oil	5%	2.5%
2	2710 19	Straight run fuel oil	5%	2.5%
3	2710 19	Low sulphur wax residue	5%	2.5%
4	2710 19	Vacuum residue, Slurry	5%	2.5%
5	2710 19	Vacuum gasoil	5%	2.5%

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6	2837 11 00	Sodium cyanide	7.5%	10%
		Paper		
7	4707	Recovered (waste and scrap) paper or paperboard for use in manufacturing of paper, paperboard or newsprint	-	2.5%
		Gems and Jewellery Sector		
8	7102 21 7102 31 00	Simply Sawn Natural Diamonds imported under Kimberley Process Certification Scheme (KPCS)	Applicable Rate	-
9	71	Cut and Polished Diamonds	7.5%	5%
10	71 (except 7104 99 00)	Cut and Polished Natural Gemstones	7.5%	5%
		Metals		
11	7204	Iron and steel scrap, including stainless steel scrap [Exemption hitherto available till 31.3.2022 is being extended up to 31.03.2023]	- [upto 31.3.22]	- [upto 31.3.23]
		Medical devices		
12	9018 32 10	Surgical needles imported for manufacture of Surgical sutures	Health Cess @ 5%	Health Cess @ Nil
		Capital Goods		
13	7325 10 00	S. G. Ingot Castings used in manufacturing of Plastic Processing Machinery	10%	7.5%
14	8483 40 00, 8477 90 00	Ball Screw and Linear Motion Guide used in manufacturing of Plastic Processing Machinery	7.5%	5%
15	84	Bushing (made up of platinum and rhodium alloy, imported in exchange of worn-out bushing exported for refurbishment)	10%	7.5%
16	8419	Coffee roasting, brewing or vending machineries for use in the manufacturing or processing of coffee	10%	7.5%

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❖ Review of concessional rates of BCD prescribed to Capital Goods and Project Imports

S. No.	S. No. of Notification No. 50/2017	Description/ HS Code
Textile Sector		
1.	399 [exemption is being phased out as per details in column (3)]	Goods (other than old and used) for use in man-made or synthetic fiber or yarn industry (84 or any other Chapter) Concessional BCD rate to be withdrawn for Spindles, Yarn guides, Ballon Control Rings and Travellers [w.e.f 1.4.2022] Concessional BCD rate to be withdrawn for the remaining items such as Machinery for continuous polymerization plant, Machinery for synthetic fibre plant, Machinery for synthetic filament yarn plant, Machinery for Regular/HWM Viscose Staple Fibre Plant, Machinery for Lyocell Fiber Plant, in this entry [w.e.f 1.4.2023]
Petroleum Sector		
2	409 [exemption is being phased out as per details in column (3)]	Goods specified in List 13 required for setting up crude petroleum refinery 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 1.4.2022]
Other Sector		
3	445 [w.e.f 1.4.2023]	Goods for making of gem and jewellery – Automatic Chain Making machine, chain twisting machine, Spiral making machine, Rolling machine (combined Profile Groovers/Strip Making) Automatic Investing Machine/casting Machine

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Project Imports		
4	597, 598, 599, 600, 601, 602, 603, 604, 605, 606	<p>a. Project Imports for project such as</p> <ul style="list-style-type: none">(i) Power Projects, including Nuclear and Solar Power(ii) Coal Projects(iii) Gas Projects(iv) Iron Ore Projects(v) Water Supply Projects(vi) Mandi and Warehousing Projects for Food Grains(vii) Other Projects <p>b. New projects registered after 30th September 2022 under project imports will attract 7.5% BCD rate with change in BCD Tariff rate to 7.5%.</p> <p>Existing projects registered till 30th September 2022 under project imports will be grandfathered till 30th September 2023 attracting old BCD rates of 0%/2.5%/5% as applicable.</p> <p>c. d. After 30th September 2023, all projects registered under project imports will attract 7.5% BCD rate.</p>

❖ Review of concessional rates of BCD.

S. No.	S. No. of notification No. 50/ 2017	Description
1	289	Wood in chips for use in manufacture of paper, paperboard & newsprint <i>[End-date of 31.03.2023 is prescribed]</i>

REAL ESTATE

A. General Updates

- Clarification on deduction of TDS on sale of immovable property u/s 194IA where TDS is now subject to deduction **on higher of Stamp duty value or consideration** where any of the above value exceeds Rs 50Lakhs.
- Unique Land Parcel Identification Number for IT based management of land records.
- Rs 48000 crore allocated for completion of 80 Lakh Houses under the PM Awas Yojna, both Rural and Urban for 2022-2023.
- Promotion of National Generic Document Registration System (NGDRS) with the 'One-Nation One-Registration Software' for uniform process registration and anywhere registration of deeds and documents.

This Guidance has been compiled and prepared to assist the Clients. We recommend you to seek and consult a Professional Advice before taking decisions on basis of this Document. The Finance Bill as introduced in the Parliament may undergo changes before its enactment or enforcement.



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