

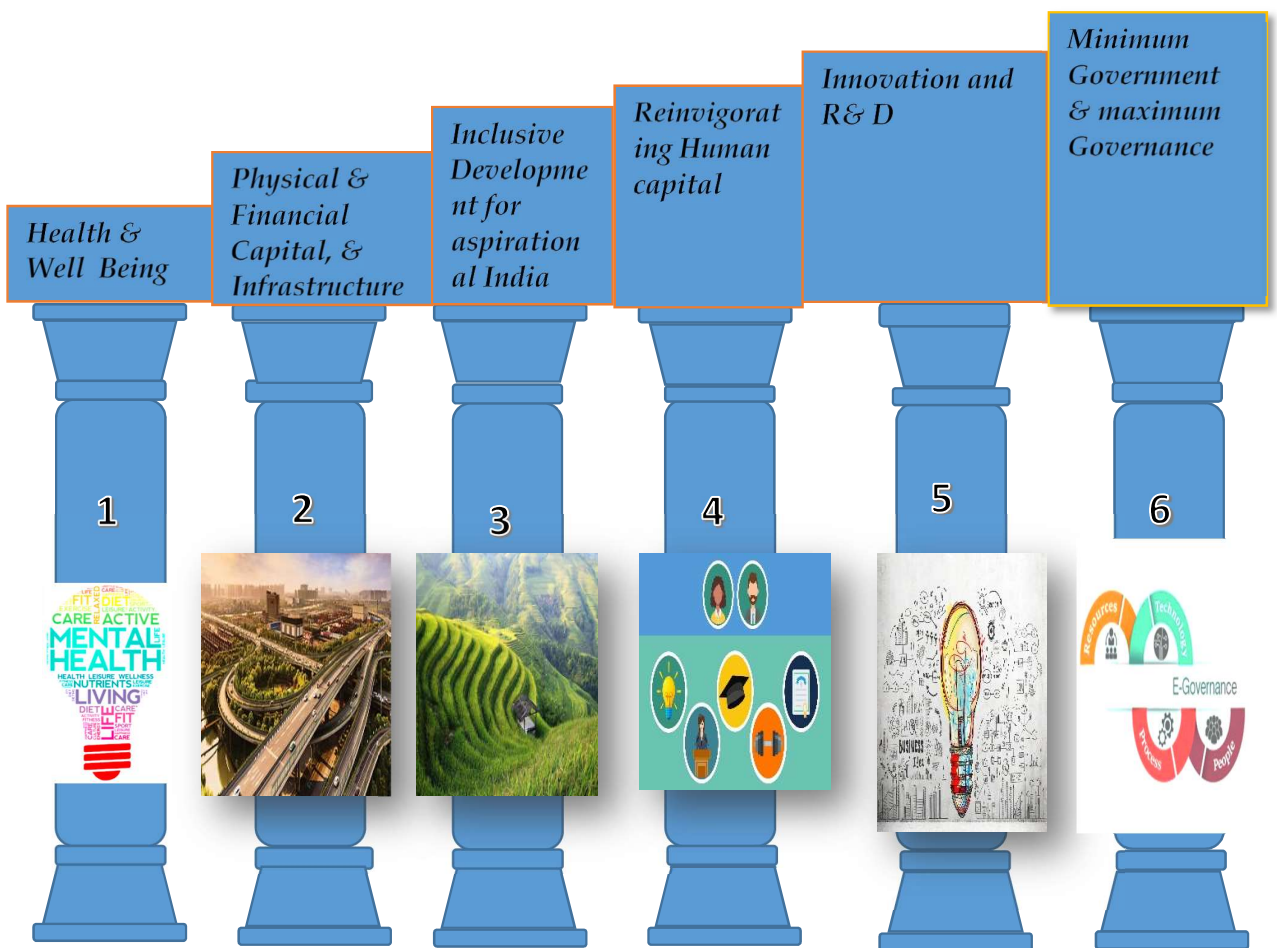


India Union

Budget 2021

Shukla Gupta & Arora
Chartered Accountants

Experience *Excellence*

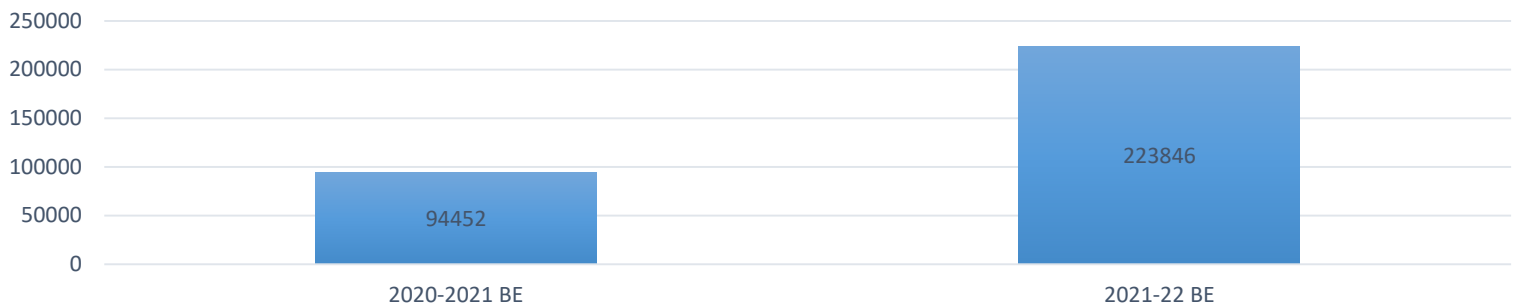


Health & Well Being

- ✚ Supplementary Nutrition Programme & Poshan Abhiyan to be merged and launched as Mission Poshan 2.0
- ✚ Outlay Rs. 64,180 crore over 6 years
- ✚ Setting up of Integrated Public health Labs
- ✚ Establishing critical care hospital blocks
- ✚ Strengthening NCDC
- ✚ Expanding integrated health information portal
- ✚ Pneumococcal vaccine to be rolled across the country
- ✚ Rs, 35,000 crore for covid -19 vaccine in 2021-22
- ✚ Introduction of National Commission for Allied Healthcare Professionals Bill



Health care Outlay (₹ Crore)



Expenditure on Health as percentage of GDP



Physical & Financial Capital, and Infrastructure

Manufacturing Companies

- ✓ PLI launched to create manufacturing global champions across 13 sectors with amount committed nearly Rs. 1.97 lakh crore in next 5 years starting FY2021-22

Textile Industry

- ✓ MITRA Scheme to be launched leading to creation of 7 textile parks over 3 years

NIP

- ✓ National Infrastructure Pipeline expanded to 7400 projects

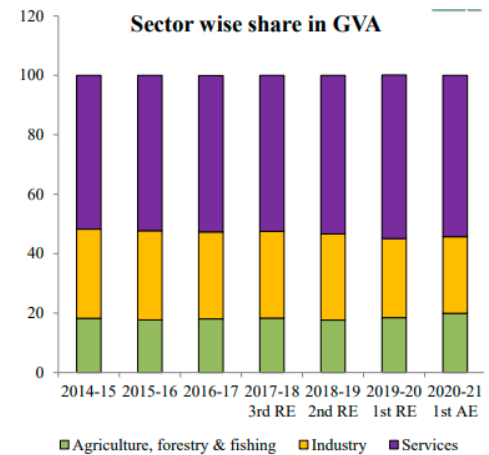
Railway

- ✓ 100% electrification of Broad Gauge Routes by 2023
- ✓ Indigenously developed automatic train protection system to be launched
- ✓ Aims at developing adequate rail infrastructure by 2030 to cater to the projected traffic requirements up to 2050
- ✓ The objective is to increase the modal share of rail in freight from the current level of 27 per cent to 45 per cent



Power

- ✓ Revamped reforms-based result-linked power distribution sector scheme will be launched with an outlay of Rs. 3,05,984 crore over 5 years
- ✓ Framework to choose alternative distributors



Economic Indicator

Budget Financials

Direct Tax

Indirect Tax

Ports, shipping & waterways

PPP mode to be utilized for managing operational services of major ports

Subsidy support to promote flagging of merchant ships

Recycling of ships Act, 2019 enacted & recycling capacity to be doubled by 2024

PNG

Ujjawala scheme to cover 1 crore more beneficiaries

100 more districts under city gas distribution networks

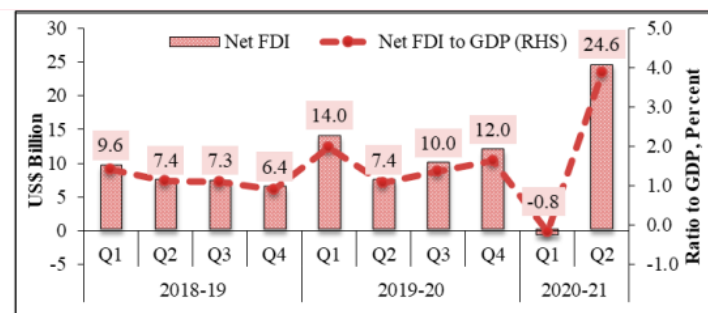
Independent Gas transport system operator to be set up

Urban Development

- Jal Jeevan Mission (Urban) for universal water supply in all ULBs
- Urban Swachh Bharat Mission with outlay Rs. 1,41,678 crore over 5 years
- Rs. 2,217 crore for 42 urban centres to tackle air pollution
- Voluntary Vehicle Scrapping policy
- Innovative PPP models to augment public bus transport
- MetroLite and MetroNeo for tier 2 and peripherals of tier 1 cities

Financial reforms

- Rationalised single Securities Markets Code by 2022
- World class fintech hub at GIFT IFSC
- Permanent institutional framework for Corporate bond market
- SEBI as regulator and greater role for WDRA for development of commodity market ecosystem
- Investor charter as a right across all financial products
- Amending the Insurance Act, 1938 to increase the FDI limit with safeguards



- Asset Reconstruction Company Limited and Asset Management Company to resolve stressed assets problem of PSBs.

Company Reforms

- Decriminalization of LLP Act, 2008
- Threshold limit for paid up share capital & turnover increased for Small Companies
- OPC allowed to grow without any restriction on paid up share capital & turnover
- Residency limit for setting up OPC reduced to 120 days from 182 days
- Non- Residents allowed to incorporate OPCs

Inclusive Development for Aspirational India

Agriculture

- ⊙ Extending coverage of SWAMITVA Scheme to all states/UTs
- ⊙ Expansion of Operation Green scheme to include 22 perishable products
- ⊙ 1000 more mandis to be integrated with e-NAM

FISHERIES

- ⊙ Development of modern fishing harbours and fish landing centres
- ⊙ Multipurpose Seaweed Park to be set up in Tamil Nadu

MIGRANT WORKERS AND LABOURERS

- ⊙ One nation one ration card scheme under implementation in 32 states and UTs.
- ⊙ A portal to be launched for gig, building and construction workers
- ⊙ Social security benefits will be extended to gig and platform workers

Economic
Indicator

Budget
Financials

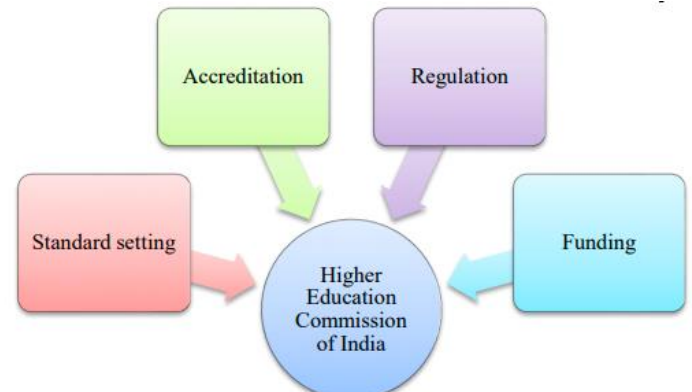
Direct Tax

Indirect
Tax

Reinvigorating Human Capital

EDUCATION

- Revamped Post Matric Scholarship Scheme for welfare of SCs
- 100 new Sainik schools
- 750 Eklavya schools in tribal areas



SKILLS

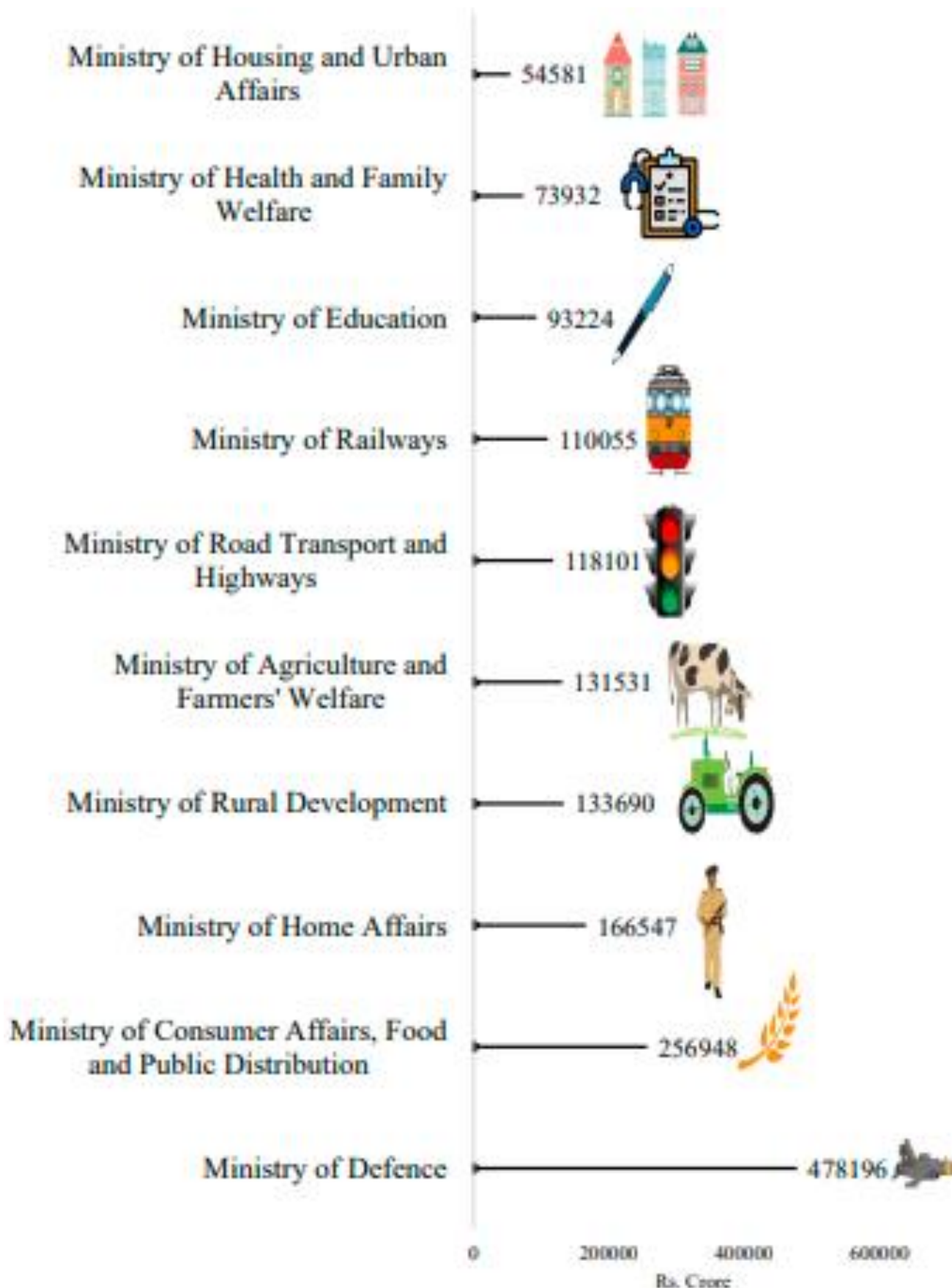
- Realigning National Apprenticeship Training scheme for graduates and diploma holders in Engineering
- Partnership with UAE and Japan in area of skill development and recognition

Innovation and R&D

R&D

- National Research Foundation with outlay of ₹50,000 crore over 5 years
- National Language Translation Mission to boost internet access
- Deep Ocean Mission for ocean exploration and biodiversity conservation

Major Allocations

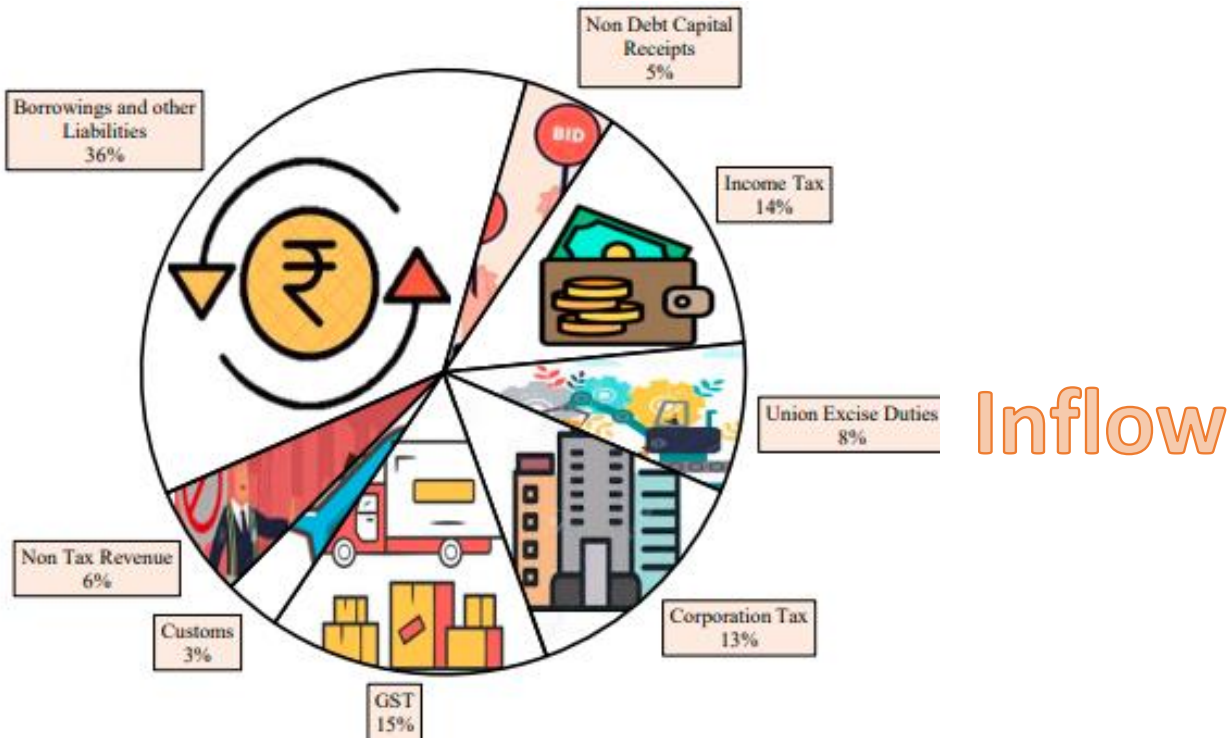


Economic Indicator

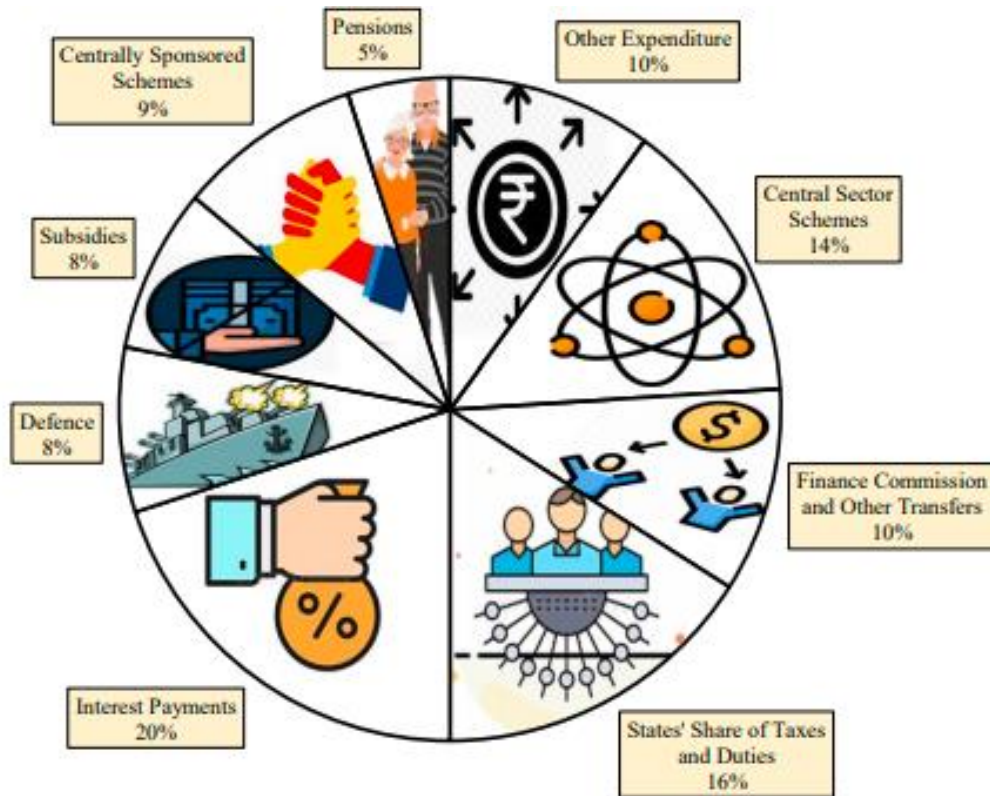
Budget Financials

Direct Tax

Indirect Tax



Outflow



Economic
Indicator

Budget
Financials

Direct Tax

Indirect
Tax

Tax Incentive

- It is proposed to provide tax exemption to cash allowance in lieu of LTC
- Incentives for affordable rental housing
 - Outer Time Limit for Affordable Housing Projects extended to 31st March 2022
- Extension of date of sanction of loan for affordable residential house property for claiming additional interest deduction u/s 80EEA from 31st March 2021 to 31st March 2022.
- Tax incentives for units located in International Financial Services Centre (IFSC)
- Issuance of zero coupon bond by infrastructure debt fund u/s Section 2(48) of Income Tax Act, 1949
- Business reorganization to include conversion of a primary co-operative bank to a banking company and the deductions available under section 44DB of the Act shall also be made applicable
- Startup
 - Eligibility for claiming Tax holiday for start-ups proposed to be extended by 1 More year.
 - Extension in claiming benefit u/s 54GB extended to 31st March 2022
 - Turnover Limit u/s 80-IAC increased from 25 Crore to 100 Crore.

Removing difficulties faced by taxpayers

- In order to boost the demand in the real-estate sector and to enable the real-estate developers to liquidate their unsold inventory at a lower rate to home buyers, it is proposed to increase the safe harbour threshold from existing 10% to 20% under section 43CA of the Act
- Relaxation on Filing Income Tax Return if:
 - Resident Senior Citizen of age above 75 or More
 - Only Pension from specified bank
 - Interest Income from Same bank Only
- Rules to notify for removing hardship of double taxation on NRI
- MAT Rationalization of provisions
 - In computation of book profit for Current Year
 - Adjustment on account of additional income of past year(s) included in books of account of current year on account of secondary adjustment or on account of APA.
Rule to be prescribed for the same.
 - Dividend received by a foreign company on its investment in India to be excluded for the purposes of calculation of book profit
- Dividend payment to REIT/ InvIT exempt from TDS
- Exemption from Mandatory Tax Audit, if
 - if Turnover below 10 Crore
 - Cash Transaction does not exceed 5%
- Advance Tax Liability on declaration of dividend to apply only on and after the declaration date / payment

➤ Trusts/Charitable Institutions

- blanket exemption to small Institutions working in the field of education and Healthcare having receipts upto Rs. 5 Crores
- it is proposed to clarify that charitable trusts shall not be permitted to claim carry forward of loss.
- Application from loans and borrowings shall not be considered as application, however the loan repayment and replenishment of corpus shall be allowed as application

➤ Changes in Return filing due date:

- due date for the filing of original return of income be extended to 31st October of the assessment year in case of spouse of a partner of a firm whose accounts are required to be audited under this Act or under any other law for the time being in force, if the provisions of section 5A applies to them
- due date for the filing of original return of income be extended to 30th November of the assessment year in case of a partner of a firm which is required to furnish report from an accountant u/s 92E
- Last date of filing of Belated/Revised return reduced to 31st December of the relevant assessment year.

➤ A Dispute Resolution Committee is proposed to be constituted for taxpayers having taxable income up to Rs. 50 Lacs and disputed Income up to Rs. 1 Lacs

➤ Changes in Time Limit of Assessment Proceedings:

- The time limit for reopening of assessment is proposed to be reduced from 6 years to 3 years.

- Re-opening may be permitted up to 10 years (Approval from Principal Chief Commissioner) to be allowed only if there is evidence of concealed income of Rs. 50 Lacs in an assessment year
- Time Limit for completing Assessment proceeding u/s 143 and / or Sec 144 has been reduced to 9 Months from the existing 12 months from the end of the relevant assessment year, w.e.f. AY 2021-2022 (e.g. 31-12-2022 for returns to be filed for the FY 2020-2021)
- Time Limit for Issue of Notice u/s 143(2) has been reduced to 3 months from an existing 6 months i.e. 30th June from the end of the Relevant AY w.e.f. AY 2021-2022
- A faceless scheme be launched for ITAT proceedings on the same line as faceless appeal scheme
- The deductions in case of actual payments shall not apply and never deemed to have been applied to Employees Contribution collected by Employer covered under section 36 (1)(va) for subsequent payment to welfare funds. Hence late payment of such funds by the employer shall not be allowed as deduction while calculating the taxable income of the employer.
- It is proposed to allow tax exemption for maturity proceed of the ULIP having annual premium up to Rs. 2.5 lakh.
- It is proposed to clarify that slump sale shall include all types of transfer covered u/s 2(47)
- Clarification of Transactions involving royalty, tech fee taxable under I-T not liable for equalisation levy
- It is proposed to clarify that no depreciation on Goodwill shall be allowed. However, the deduction for the amount paid for acquiring Goodwill shall be allowed on sale of Goodwill
- Clarified that LLP shall not be eligible for presumptive taxation scheme benefits u/s 44ADA
- Tax Deduction at Source (TDS) on purchase of goods(194Q)
 - 0.1% TDS on Purchase transaction exceeding Rs. 50 Lacs
 - If turnover in Previous year exceeds Rs. 10 Crore

Economic
Indicator

Budget
Financials

Direct Tax

Indirect
Tax

Other Act

- TDS/TCS on non-filer at higher rates (Section 206AB)
 - Double TDS or 5% TDS, whichever is higher
 - TDS/TCS is Rs. 50,000 or more in past 2 years each
 - Payee has not filled Tax return for the previous 2 years
 - shall not apply (under sections 192, 192A, 194B, 194BB, 194LBC or 194N)
- Interest received on high voluntary contribution to PF has been proposed to be taxed to the extent it relates to the amount of contribution exceeding Rs. 2,50,000 w.e.f. contribution made after 01-04-2021
- It is proposed to provide that the penalty proceedings initiated for fake invoice/sham transactions of more than Rs. 2 crore shall also be eligible for provisional attachment of assets.

GST

- Supply of goods or services by any person to its member or constituents or vice-versa included in the definition of supply
- Availment of input tax credit only when the details have been furnished by the supplier in GSTR-1 **and** such details have been reflected in the recipient 2A
- Requirement to get GST reconciliation abolished, Reconciliation to be done on self-certification basis
- Interest on net cash liability with effect from the 1st July, 2017
- Seizure and confiscation of goods and conveyances in transit as separate proceeding from recovery of tax
- Provisional attachment shall remain valid for the entire period starting from the initiation of any proceeding under Chapter XII, Chapter XIV or Chapter XV till the expiry of a period of one year from the date of order made thereunder
- Filing of appeal only on payment of a sum equal to twenty-five per cent. of penalty imposed
- Zero-rated supply on payment of IGST only in specified cases and linking it to the receipt of foreign remittances

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