

# Analysis of Union Budget 2022-23



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## **BUDGET FOR THE YEAR 2022-23**

The Union Budget 2022 has been placed at a time when the economy is struggling to recover from the setbacks created by the three waves of the pandemic. When the budget was placed last year, on first of February, there was reasonable optimism that the pandemic was over and it was only a task of undoing the damage done by the first wave. What was not anticipated was that there would be two more waves. If we do a factual assessment of the economy as it is today, we find two salient features which stand out:

- First, the recovery after the end of the second wave has been reasonably good.
- Secondly, this recovery has helped the economy to reach a level which is slightly higher than where it was during 2019- 20.

The above is substantiated by the following statistics which has been given in the Economic Survey placed before Parliament on 31st January of this year:

<b>State of the economy</b>	
<b>Sector of the economy</b>	<b>Recovery/Growth during 2021-22 over 2019-20</b>
<b><u>SUPPLY</u></b>	
Agriculture & Allied	<b>+7.7%</b>
Mining & Quarrying	<b>+4.6%</b>
Manufacturing	<b>+4.4%</b>
Electricity, Gas & Utilities	<b>+10.5%</b>
Construction	<b>+1.2%</b>
Trade, Hotels & Transport	<b>(-)8.5%</b>
Financial services, Real Estate	<b>+2.5%</b>
Public services	<b>+5.6%</b>
<b><u>DEMAND</u></b>	
Government Consumption	<b>+10.7%</b>
Private Consumption	<b>(-)2.9%</b>
Gross Fixed Capital Formation	<b>+2.6%</b>
Exports	<b>+11.1%</b>
Imports	<b>+11.8%</b>

If we judge the progress of the economy from the GDP figures, we find that GDP figures are under constant revision. The 2019–20 GDP growth figures have been revised three times. The GDP growth rate for 2019-20 was originally declared at 5%, then was revised to 4.2%, then to 4% in January 2021 and in the Economic Survey of 2022, we find that the growth figure for 2019-20 has again been retrospectively revised to 3.7%. Along with this revision, the contraction in GDP figures for the year 2020-21 has been revised from (-) 7.1% to (-) 6.6%. As a result of these revisions in the base figures, the estimated GDP growth for the year 2021-22 will no longer be 9.2% as was declared earlier, but will shrink to 8.8%.

Whatever be the fine calculations of GDP growth rates, certain facts are very clear:

- ❖ Consumer demand is down and has not regained the 2019-20 levels. In an economy in which GDP growth is primarily driven by consumption, this is a danger signal.

- ❖ As per a report published by Oxfam during 2021, 4.6 crore people were pushed into extreme poverty during 2021.
- ❖ The income of 84% of India's population went down during 2021 and the bottom 50% of India's population holds only 6% of national wealth.

It is obvious why there is lack of growth in domestic consumption. Government expenditure which substitutes domestic consumption has been the saving grace and has strengthened the overall consumption figure. This was 10.7% higher during 2020-21 than the figures of 2019-20.

Apart from these, there are certain other figures carried in the Economic Survey 2022 and Budget papers, which are worth noting.

- Firstly, over a period of 50 years, the share of industry in India's GDP has not significantly gone up. It was 23.5% in the year 1962-63 and it is only at 28.2% in the year 2021-22. This is very worrying in the backdrop of the emphasis in current economic policy on domestic manufacturing, the PLI scheme, the Atmanirbhar campaign etc.
- The second worrying feature about the economy is inflation. The figures of consumer inflation have been 5.2% during April to December, 2021 as compared to 6.6% during April to December, 2020. This again rose to 5.6% during December, 2021
- Wholesale inflation has also been very severe and the figure of wholesale inflation during April to December, 2021 was 12.5%.

One feature of India's consumption pattern is that expenditure on food as percentage of total household expenditure in India is quite high. The figures are:

<b>Year</b>	<b>Expenditure on food as % of total expenditure</b>
1993-94	61.6
2004-05	50.1
2014-15	43.5
2020-21	40.1

It is also obvious that the budgets of those who are below the poverty line will have even higher percentage of total household expenditure spent on food. At these high rates of food expenditure, food inflation is a constant cause for concern. The figures of food inflation also have been high. These were:

- 9.1% - April to December, 2020
- 2.9% - April to December, 2021
- 4.05% - December, 2021

It is also seen from the budget of 2022 that disinvestment fell much short of Rs. 1,75,000 crore figure estimated last year. The actual figure was only Rs. 78,000 crore.

Much has been made of the high capital expenditure incurred during 2021-22 and budgeted during 2022-23. Most analysts have seen this as the major strategy of the budget and feel that the large figure of capital expenditure will propel India to higher rates of growth. Analysis of the capital expenditure figures are therefore required. During 2021-22, the budgeted figure was Rs. 5,54,236 crores which has gone up to Rs. 6,02,711 crores in the revised estimate of 2021-22. A study of this figure shows that this includes a large loss funding of Air India – over Rs. 51,971 crores. The balance figure includes establishment expenditure of the Centre amounting to Rs. 9,184 crores, various grants/loans/transfers of Rs. 21,818 crores and expenditure on Central Sector Schemes and Projects of Rs. 4,76,953 crores. A further analysis of the Central Sector Schemes and Projects shows that these include grants/allocations to various ministries, some of which are as small as Rs. 1 lakh. The pattern for 2022-23 budgeted capital expenditure of Rs. 7,50,245 crores is also similar and includes many items which are not of capital nature.

The positive news is on the front of tax collections. During 2021-22, tax collections were higher than the budgeted figure and this tax buoyancy continues in the 2022-23 budget.

As a result of considerable higher expenditure, the fiscal deficit for 2021- 22 which was estimated in the last year's Budget at Rs. 15,06,812 crores will end up at Rs. 15,91,089 crores as per revised estimates. This revised figure is 6.9% of GDP.

In the backdrop of the above scenario, what does the 2022-23 budget promise?

Firstly, the 2022 budget has major emphasis on long term economic achievements. The Finance Minister started her speech by saying that this budget had been prepared to implement the vision of the nation for the next 25 years. In line with this vision, many new announcements have been made. Some of these are creation of better facilities for online teaching and allowing foreign universities to set up companies in GIFT City, facilitation of building affordable housing in urban areas, schemes for backward districts and border villages, integration of rural post offices into the banking system, emphasis on fintech, rationalisation of Government procurement, greater self-reliance in defence production, phasing out of SEZ law and creating better facilitation of international trade, issue of sovereign green bonds, issue of digital currency backed by the Central Bank, reduction of tax litigation etc. All these measures will be put into implementation over a number of years and there is little to immediately kick start the economy into higher rates of growth.

In conclusion, the budget has a major thrust on long term development but does not address the issues of growth and immediate relief adequately. The GDP growth projected for 2022-23 is between 8 and 8.5%. The budget also projects a fiscal deficit of Rs.1,66,196 which is 6.4 % of the GDP.

As far as tax proposals are concerned by and large tax rates have been left unchanged. The highlights of the tax measures proposed are:

- Retrospective amendment of income tax laws is back. The Government has amended Section 37 with retrospective effect from 2005-06 to bring to taxation certain items on which relief was given to the assesseees by the courts in India.

- Effective rate of tax on long term capital gains for high taxpayers has been reduced. This is a benefit for the rich.
- To discourage overseas investment by Indian companies effective tax on dividend declared by foreign subsidiaries of Indian companies and received in India has been increased.
- The government has started a scheme for perpetual voluntary tax disclosure of undisclosed income by paying higher rates of tax.
- The taxation regime for charitable trusts and educational institutions has been made more onerous by adding many new preconditions for continuation of registration and exemption.
- Additional procedural complications have been added in the GST law for claiming of input tax credit.

The detailed discussion on the tax proposals follows

The financial highlights of the 2022 budget are given in Annexure 1.

## TAX PROPOSALS

### DIRECT TAXES

#### 1. No change in the Tax Rates:

- Indian Corporate Tax- remains unchanged
- Foreign Company – remains unchanged
- INDIVIDUAL, HUF, ETC. - remains unchanged
- Surcharge: remains unchanged except in the following cases:
  - ✓ co-operative societies, where it has been reduced from present 12% to 7% for those having total income more than Rs.1.00 crore and upto Rs.10 crore.
  - ✓ AOP, where it is proposed to cap the Surcharge at 15 %.
  - ✓ the long-term capital gains on listed equity shares, units etc. are liable to maximum surcharge of 15%, while the other long term capital gains are subjected to a graded surcharge which goes up to 37%. It has been proposed to cap the surcharge on long term capital gains arising on transfer of any type of assets at 15 per cent. ***(Impact: Overall LTCG on unlisted securities is now 23.92% as opposed to 28.5% previously. This is a 16% reduction in the effective tax rate. Venture capital investors and start-up founders are likely to benefit from this proposed amendment if they have income above Rs.2 crore.)***
- Cess: remains unchanged.

#### 2. Definition of the term “slump sale” [Section 2]

Vide the Finance Act, 2021, the definition of “slump sale” was amended to expand its scope to cover all forms of transfer under slump sale. However, inadvertently, in the last sentence there is reference to the word “sales” instead of “transfer”.

It is proposed to carry out consequential amendment by amending the provision of clause (42C) of section 2 of the Act, to substitute the word “sales” with the word “transfer”.

*Applicability: Retrospectively from 1st April, 2021 i.e. A.Y.: 2021-22.*

#### 3. Reduction of Goodwill from block of assets to be considered as ‘transfer’ [Section 2(42C)]

From the assessment year 2021-2022, goodwill of a business or profession is not considered as a depreciable asset and there would not be any depreciation on goodwill of a business or profession in any situation.

It is proposed to clarify that for the purposes of section 50 of the Act, reduction of the amount of goodwill of a business or profession, from the block of asset shall be deemed to be transfer.

*Applicability: Retrospectively from 1st April, 2021 i.e. A.Y.: 2021-22.*

**4. Scheme for taxation of virtual digital assets [Newly inserted section 2(47A), Section 56, newly inserted section 115BBH, newly inserted section 194S]**

Virtual digital assets have gained tremendous popularity in recent times and the volumes of trading in such digital assets has increased substantially. Further, a market is emerging where payment for the transfer of a virtual digital asset can be made through another such asset.

- Accordingly, for the taxation of virtual digital assets, it is proposed to provide that any income from transfer of any virtual digital asset shall be taxed at the rate of 30 per cent.
- No deduction in respect of any expenditure or allowance shall be allowed while computing such income except cost of acquisition. Further, loss from transfer of virtual digital asset cannot be set off against any other income.
- Further, in order to capture the transaction details, it is also proposed to provide for TDS on payment made in relation to transfer of virtual digital asset at the rate of 1% of such consideration above a monetary threshold.

*Applicability: From 1st July, 2022.*

Gift of virtual digital asset is also proposed to be taxed in the hands of the recipient u/s56 of the.

*Applicability: From 1st April, 2022.*

***Impact: At present the gain from digital assets were treated either as regular income and taxed at the maximum marginal rate under the head business income or being treated as capital gain. In case the gain is treated as business income, the investors have the option to set off it with other business loss. On the other hand, in case the gain is treated as capital gain it will attract lower rate of 20%. The amendment is applicable from 1<sup>st</sup> April 2022, hence the investors may opt for reduce tax liability till 31<sup>st</sup> March 2022.***

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

It is proposed to amend clauses (8), (8A), (8B) and (9) of section 10 of the Act to provide that the provisions of the said clauses shall not apply to remuneration, fee or income of the previous year relevant to the assessment year beginning on or after the 1st day of April, 2023.

**6. Clarification in respect of disallowance under section 14A in absence of any exempt income during an assessment year**

it is proposed to insert an Explanation to section 14A of the Act to clarify that notwithstanding anything to the contrary contained in this Act, the provisions of this section shall apply and shall be deemed to have always applied in a case where exempt income has not accrued or arisen or has not been received during the previous year relevant to an assessment year and the expenditure has been incurred during the said previous year in relation to such exempt income.

*Applicability: From 1st April, 2022.*

It is also proposed to amend sub-section (1) of the said section, so as to include a non-obstante clause in respect of other provisions of the Income-tax Act and provide that no deduction shall be allowed in relation to exempt income, notwithstanding anything to the contrary contained in this Act.

*Applicability: From 1st April, 2022 i.e., Assessment Year 2022-23.*

**7. Exemption of amount received for medical treatment and on account of death due to COVID-19 [Section 17 and Section 56]**

It is proposed to amend clause (2) of section 17 and to insert a new sub-clause in the proviso to state that any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family in respect of any illness relating to COVID-19 subject to such conditions, as may be notified by the Central Government, shall not be forming part of “perquisite”.

Further, it is proposed to amend the proviso to Clause (x) of sub-section (2) of section 56 and insert two new clauses in the proviso so as to provide that-

- any sum of money received by an individual, from any person, in respect of any expenditure actually incurred by him on his medical treatment or treatment of any member of his family, in respect of any illness related to COVID-19 subject to such conditions, as may be notified by the Central Government in this behalf, shall not be the income of such person;
- any sum of money received by a member of the family of a deceased person, from the employer of the deceased person (without limit), or from any other person or persons to the extent that such sum or aggregate of such sums does not exceed Rs.10 lacs where the cause of death of such person is illness relating to COVID-19 and the payment is, received within 12 months from the date of death of such person, and subject to such other conditions, as may be notified by the Central Government in this behalf, shall not be the income of such person.

*Applicability: From 1st April, 2020 i.e., Assessment Year 2020-21.*

**8. Clarifications on allowability of expenditure under section 37**

In order to make the intention of the legislation clear and to make it free from any misinterpretation, it is proposed to insert another Explanation to sub-section (1) of section 37 to further clarify that the expression “expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law”, under Explanation 1, shall include and shall be deemed to have always included the expenditure incurred by an assessee, —

- for any purpose which is an offence under, or which is prohibited by, any law for the time being in force, in India or outside India; or
- to provide any benefit or perquisite, in whatever form, to a person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation or guidelines, as the case may be, for the time being in force, governing the conduct of such person; or
- to compound an offence under any law for the time being in force, in India or outside India.

*Applicability: From 1st April, 2022.*

**9. Clarification regarding treatment of cess and surcharge [Section 40]**



In order to make the intention of the legislation clear and to make it free from any misinterpretation, it is proposed to include an Explanation retrospectively in the Act itself to clarify that for the purposes of this sub-clause, the term “tax” includes and shall be deemed to have always included any surcharge or cess, by whatever name called, on such tax. Amendment is made retrospectively to make clear the position irrespective of the circular of the CBDT.

*Applicability: From 1st April, 2005 i.e. Assessment Year 2005-06.*

#### **10. Clarification regarding deduction on payment of interest only on actual payment [Section 43B]**

It is proposed to amend Explanation 3C, Explanation 3CA and Explanation 3D of section 43B to provide that conversion of interest payable under clause (d), clause (da), and clause (e) of section 43B, into debenture or any other instrument by which liability to pay is deferred to a future date, shall also not be deemed to have been actually paid.

*Applicability: From 1st April, 2023 i.e., Assessment Year 2023-24.*

#### **11. Tax Incentives to International Financial Services Centre (IFSC) [Section 10, 56 and 80LA]**

In order to further incentivise operations from IFSC, it is proposed to provide the following additional incentives:

- It is proposed to amend clause (4E) of section 10 of the Act to extend the exemption under the said clause to the income accrued or arisen to or received by a non-resident as a result of transfer of offshore derivative instruments or over-the-counter derivatives entered into with an Offshore Banking Unit of an International Financial Services Centre, referred to in sub-section (1A) of section 80LA.
- It is proposed to amend clause (4F) of section 10 to extend the exemption under the said clause to the income of a non-resident by way of royalty or interest, on account of lease of a ship in a previous year, paid by a unit of an International Financial Services Centre, as referred to in sub-section (1A) of section 80LA, if the unit has commenced its operations on or before the 31st March, 2024.
- It is also proposed to define “ship” to mean a ship or an ocean vessel, an engine of a ship or an ocean vessel, or any part thereof.
- It is proposed to insert clause (4G) in section 10 to provide exemption to any income received by a non-resident from portfolio of securities or financial products or funds, managed or administered by any portfolio manager on behalf of such non-resident, in an account maintained with an Offshore Banking Unit, in any International Financial Services Centre, referred to in sub-section (1A) of section 80LA, to the extent such income accrues or arises outside India and is not deemed to accrue or arise in India.
- It is also proposed to provide that “portfolio manager” shall have the same meaning as assigned to it in clause (z) of sub-regulation (1) of regulation (2) of International Financial Services Centres Authority (Capital Market Intermediaries) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019;
- It is proposed to amend the Explanation to clause (viib) of section 56 of the Act to provide that specified fund shall also include Category I or a Category II Alternative Investment Fund which is regulated under the International Financial Services Centres Authority Act, 2019.
- It is proposed to amend clause (d) of sub-section (2) of section 80LA of the Act to provide that in addition to the income arising from the transfer of an asset being an aircraft, the income arising

from the transfer of an asset, being a ship, which was leased by a unit of the International Financial Services Centre to any person shall also be eligible for deduction under section (1A) of the said section, subject to the condition that the unit has commenced operation on or before the 31st day of March, 2024.

- It is also proposed to provide that ship shall have the same meaning as provided under clause (4F) of section 10.

*Applicability: From 1st April, 2023 i.e., Assessment Year 2023-24.*

## **12. Cash credits under section 68 of the Act**

It is noticed that there is a pernicious practice of conversion of unaccounted money by crediting it to the books of assesses through a masquerade of loan or borrowing. In case of loan or borrowing, the judicial decisions have held that only identity and creditworthiness of creditor and genuineness of transactions for explaining the credit in the books of account is sufficient, and the onus does not extend to explaining the source of funds in the hands of the creditor.

It is proposed to amend the provisions of section 68 of the Act so as to provide that the nature and source of any sum, whether in form of loan or borrowing, or any other liability credited in the books of an assessee shall be treated as explained only if the source of funds is also explained in the hands of the 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.

*Applicability: From 1st April, 2023 i.e., Assessment Year 2023-24.*

## **13. Facilitating strategic disinvestment of public sector companies [Section 79]**

In order to facilitate the strategic disinvestment of public sector companies, it is proposed to amend section 79 of the Act to provide that the provisions of sub-section (1) of section 79 shall not apply to an erstwhile 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 fifty one per cent of the voting power of the erstwhile public sector company in aggregate.

It is further proposed to provide that if the above condition is not complied with in any previous year after the completion of strategic disinvestment, the provisions of sub-section (1) shall apply for such previous year and subsequent previous years.

*Applicability: From 1st April, 2022 i.e., Assessment Year 2022-23.*

## **14. Set off of loss in search cases - Amendment in the provisions of section 79A of the Act**

It is proposed to insert a new section 79A in the Act to provide that notwithstanding anything contained in the Act, where consequent to a search initiated under section 132 or a requisition made under section 132A or a survey conducted under section 133A, other than under sub-section (2A) of section 133A, the total income of any previous year of an assessee includes any undisclosed income, no set off, against such undisclosed income, of any loss, whether brought forward or otherwise, or unabsorbed depreciation under sub-section (2) of section 32 shall be allowed to the assessee under any provision of this Act in computing his total income for such previous year.

*Applicability: From 1st April, 2022 i.e., Assessment Year 2022-23.*

**15. Incentives to National Pension System (NPS) subscribers for state government employees [Section 80CCD]**

It is proposed to increase the limit of deduction under section 80CCD of the Act from the existing 10% to 14% in respect of contribution made by the State Government to the account of its employee.

*Applicability: From 1st April, 2020 i.e., Assessment Year 2020-21.*

**16. Condition of releasing of annuity to a disabled person [Section 80DD]**

It is proposed to allow the deduction under the said section also during the lifetime, i.e., upon attaining age of sixty years or more of the individual or the member of the HUF in whose name subscription to the scheme has been made and where payment or deposit has been discontinued. Further, it is proposed that the provisions of sub-section (3) shall not apply to the amount received by the dependant, before his death, by way of annuity or lump sum by application of the condition referred to in the proposed amendment.

*Applicability: From 1st April, 2023 i.e., Assessment Year 2023-24.*

**17. Extension of date of incorporation for eligible start up for exemption [80IAC]**

Due to COVID pandemic there have been delays in setting up of such units. In order to factor in such delays and promote such eligible start-ups, it is proposed to amend the provisions of section 80-IAC of the Act to extend the period of incorporation of eligible start-ups to 31st March, 2023 from existing 31<sup>st</sup> March 2022.

*Applicability: From 1st April, 2022 i.e., Assessment Year 2022-23.*

**18. Provisions pertaining to bonus stripping and dividend stripping to be made applicable to securities and units [Section 94]**

The current provisions of section 94 do not apply to bonus tripping and dividend striping in case of securities and units of Infrastructure Investment Trust (InvIT) or Real Estate Investment Trust (REIT) or Alternative Investment Funds (AIFs).

To prevent tax evasion through bonus stripping and dividend stripping, it is proposed to amend the provisions of section 194 to make provisions applicable on securities and units of Infrastructure Investment Trust (InvIT) or Real Estate Investment Trust (REIT) or Alternative Investment Funds (AIFs)

*Applicability: From 1st April, 2023 i.e., Assessment Year 2023-24.*

**19. Extension of the last date for commencement of manufacturing or production, under section 115BAB, from 31.03.2023 to 31.03.2024**

Section 115BAB of the Income-tax Act provides for an option of concessional rate of taxation @ 15 % for new domestic manufacturing companies provided that they do not avail of any specified incentives or deductions and fulfil certain other conditions.

The cumulative impact of the persistence of the COVID-19 pandemic has resulted in some delay in setting up/registration of new domestic companies and the commencement of manufacturing or production by such companies, if they have been set up and registered.

it is proposed to amend section 115BAB so as to extend the date of commencement of manufacturing or production of an article or thing, from 31st March, 2023 to 31st March, 2024.

*Applicability: From 1st April, 2022 i.e., Assessment Year 2022-23.*

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

Finance Act, 2020 abolished the dividend distribution tax provided in section 115-O to, inter-alia, provide that dividend shall be taxed in the hands of the shareholder at applicable rates plus surcharge and cess.

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).

In order to provide parity in the tax treatment in case of dividends received by Indian companies from specified foreign companies vis a vis dividend received from domestic companies, it is proposed to amend section 115BBD of the Act to provide that the provisions of this section shall not apply to any assessment year beginning on or after the 1st day of April, 2023.

**Impact: The proposed amendment could impact outbound investments by startups and demotivate companies to bring back cash in India.**

**21. Rationalization of provisions of the Act to promote the growth of co-operative societies [Section 115JC and 115JF]**

Section 115JC of the Act, inter alia, provides for the alternate minimum tax (AMT) payable by co-operative societies, which is at the rate of 18.5%. However, vide the Taxation Laws (Amendment) Act, 2019, the Minimum Alternate Tax (MAT) rate for companies has been reduced to 15%. Therefore, in order to provide parity between co-operative societies and companies, it is proposed to modify sub-section (4) of section 115JC to reduce the AMT rate at which co-operative societies are liable to pay income-tax to 15%. Consequential amendment is also proposed in clause (b) of section 115JF in relation to the definition of "alternate minimum tax".

*Applicability: From 1st April, 2023 i.e., Assessment Year 2023-24.*

**22. Amendment in the provisions of section 119 of Income-tax Act**

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.

Considering the genuine hardships faced by certain classes of persons in filing return of income and not to impose a fee for a default which is beyond their control, it is proposed to insert section 234F and include it in the list of sections mentioned in clause (a) of sub-section (2) of section 119 of the Act, so as to enable the Board to issue such orders or instructions, as deemed fit.

*Applicability: From 1st April, 2022.*

**23. Rationalization of provisions relating to assessment and reassessment [Section 132, 132B, 148, 148A, New section 148B, 149, 153, 153B]**

It is proposed to amend the reassessment proceedings as under:

- The information available with the Assessing Officer to enable him to make a reassessment u/s 147 shall include any audit objections, any information available u/s 90/90A, information received u/s 135A, any information requiring action in consequence of an order of tribunal or a court.
- Mandatory assessment for 3 immediately preceding financial years in case of search survey done away with.
- Reassessment can be done for relevant assessment year after 3 years but before 10 years, if AO has in possession evidences that income chargeable to tax in form of asset/expenditure, in form of transaction or event or occasion or an entry, which has escaped assessment exceeds Rs. 50 Lakhs or more.

*Applicability: From 1st April, 2022.*

#### **24. Provisions for filing of updated return [Section 139, Newly inserted Section 140B, 144,153, 234A,234B, 234C and 276CC]**

A new sub-section (8A) in section 139 is proposed to be introduced for filing an updated return of income by any person, whether he/she has filed a return previously for the relevant assessment year, or not. The updated return can be filed within 24 months from the end of the assessment year.

The proposed sub-section (8A) of section 139 shall not apply, 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 already furnished or results in refund or increases the refund due on the basis of return already furnished for the relevant assessment year.

A person shall not be eligible to furnish an updated return if: —

- search has been initiated under section 132 or books of account, other documents or any assets are requisitioned under section 132A in the case of such person, or
- a survey has been conducted under section 133A, other than sub- section (2A) of that section, in the case such person, or
- a notice has been issued to the effect that any 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
- a notice has been issued to the effect that any books of account or documents, seized or requisitioned under section 132 or section 132A in the case of any other person, pertain or pertains to, or any other information contained therein, relate to, such person.

Further, no updated return shall be furnished by any person for the relevant assessment year, where: -

- an updated return has already been furnished for the relevant assessment year, or
- any proceeding for assessment or reassessment or recomputation 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 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.

It has also been proposed to amend section 139(9) to provide that an updated return filed u/s 139(8A) shall be defective unless such return is accompanied by the proof of payment of tax as required under the proposed section 140B

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., section 139(8A) of the Act.

In view of the proposed section 139(8A) and new section 140B, consequential amendments in section 144, section 153, section 234A and section 234B and 276CC have also been made.

*Applicability: From 1st April, 2022*

## **25. Amendment in Faceless Assessment under section 144B of the Act**

It is proposed to amend section 144B to include the following:

- Assessment Unit (AU)/Technical Unit (TU)/Review Unit (RU)/Verification Unit (VU) to mean an Assessing Officer (AO) with the powers specified by the Board.
- Notice(s) and order(s) to be signed by the respective Assessing Officer.
- Virtual Hearing to be mandatorily allowed.
- Eradication of a new Assessment Unit. In case of variation proposed by Review Unit, Assessment Unit (AO) to prepare the final order in accordance with the review received by the Review Unit.
- Powers given to AU(AO) to make a reference to National Faceless Assessment Centre (NaFAC) for special audit under Section 142(2A).

*Applicability: From 1st April, 2022.*

## **26. Amendments related to successor entity subsequent to business reorganization [Newly inserted section 156A and Section 170]**

It is proposed to insert a sub-section (2A) to section 170, to provide that the assessment or other proceedings pending or completed on the predecessor in the event of a business reorganization, shall be deemed to have been made on the successor.

Due to the indefinite timeline involved in issuing such orders, there is a gap between the effectivity of such order and the date on which such order is issued by the competent authority. This also affects the final accounts of such entities as they are unable to modify their already filed returns in accordance with the reorganization. Hence, in order to remove this anomaly, it is proposed to insert a new section 170A to the Act, to enable for the entities going through such business reorganization, for filing of modified returns for the period between the date of effectivity of the order and the date of issuance of final order of the

competent authority.

It is observed that there is no procedure or mechanism provided in the Act to reduce such demands from the outstanding demand register. Hence, in order to remove this anomaly, it is proposed to insert a new section 156A to the Act to give effect to the orders of the competent authority and to modify such demands in accordance with such directions.

*Applicability: From 1st April, 2022.*

**27. Litigation management when in an appeal by revenue an identical question of law is pending before jurisdictional High Court or Supreme Court (Section 158 AA and newly inserted section 158 AB)**

To provide a procedure when an appeal by revenue is pending on an identical question of law, it is proposed to insert a new section 158AB in the Act, to provide that where the collegium is of the opinion that any question of law arising in the case of an assessee for any assessment year (“relevant case”) is identical with a question of law already raised in his case or in the case of any other assessee for an assessment year, which is pending before the jurisdictional High Court under section 260A or the Supreme Court in an appeal under section 261 or in a special leave petition under article 136 of the Constitution, against the order of the Appellate Tribunal or the jurisdictional High Court, as the case may be, in favour of such assessee (“other case”), it may, decide and intimate the Commissioner or Principal Commissioner not to file any appeal, at this stage, to the Appellate Tribunal under sub-section of section 253 or to the High Court under sub-section (2) of section 260A against the order of the Commissioner (appeals) or the Appellate Tribunal, as the case may be.

With the introduction of section 158AB, a sunset clause is proposed to be inserted in section 158AA(1) to provide that no direction shall be given under the said sub-section on or after 1st April, 2022.

*Applicability: From 1st April, 2022.*

**28. Amendment in the provisions of section 179 of the Act**

Section 179 of the Act contains provisions which enables Income tax authorities to recover tax due from a private company from its directors, under certain circumstances where such tax cannot be recovered from the company itself. The section makes each director of the private company jointly and severally liable for the payment of such tax with certain conditions. However, the title of the section inadvertently refers to the liability of directors of private company in liquidation.

To make the title of the section uniform with its provisions, it is proposed to amend the title of the section to “Liability of directors of private company”.

*Applicability: From 1st April, 2022.*

**29. Rationalization of provisions of section 194-IB, 206AB and 206CCA to widen and deepen tax-base**

In order to widen and deepen the tax-base and to nudge taxpayers to furnish their return of income, Finance Act, 2021 inserted sections 206AB and 206CCA in the Act. The said sections provide for special provision for deduction and collection of tax at source respectively, in case of specified persons at higher rates specified therein.

“Specified person” has been defined to mean a person who has not filed the returns of income for both the two assessment years relevant to the two previous years immediately preceding the financial year in which tax is required to be deducted or collected, for which the time limit for filing return of income under sub-section (1) of section 139 has expired; and the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in each of these two previous years.

In order to ensure that all the persons in whose case significant amount of tax has been deducted do furnish their return of income, it is proposed to reduce two years requirement to one year by amending sections 206AB and 206CCA of the Act.

In addition to above, it is also proposed to rectify a drafting error in sections 206AB and 206CCA wherein the terms “deductor” and “collectee” respectively were used incorrectly. Further, since the returns are now being furnished electronically, it is also proposed that in place of ‘filing’ of return, the term ‘furnishing’ of return may be substituted.

Further, as a consequential amendment in section 194-IB it is also proposed to omit the reference of section 206AB from sub-section (4) of the said section.

*Applicability: From 1st April, 2022.*

### **30. Rationalization of provisions of TDS on sale of immovable property [Section 194 IA]**

It is proposed to amend section 194-IA of the Act to provide that in case of transfer of an immovable property (other than agricultural land), TDS is to be deducted at the rate of one per cent. of such sum paid or credited to the resident or the stamp duty value of such property, whichever is higher. In case the consideration paid for the transfer of immovable property and the stamp duty value of such property are both less than fifty lakh rupees, then no tax is to be deducted under section 194-IA.

*Applicability: From 1st April, 2022.*

### **31. TDS on benefit or perquisite of a business or profession [Newly inserted Section 194R]**

It is proposed to insert a new section 194R to the Act to provide that the person responsible for providing to a resident, any benefit or perquisite exceeding Rs.20000 during the financial year, whether convertible into money or not, arising from carrying out of a business or exercising of a profession by such resident, shall, before providing such benefit or perquisite, as the case may be, to such resident, ensure that tax has been deducted in respect of such benefit or perquisite at the rate of ten per cent of the value or aggregate of value of such benefit or perquisite.

In case of an individual or a HUF the new section will not apply if total sales, gross receipts or turnover does not exceed Rs. 1.00 crore in case of business or Rs.50 lacs 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

*Applicability: From 1st July, 2022.*

### **32. Consequence for failure to deduct/collect or payment of tax – Computation of interest [Section 201 and 206C]**



In order to make the intention of the legislation clear and to make it free from any misinterpretation, it is proposed to:

- amend sub-section (1A) of section 201 to provide that where any order is made by the Assessing Officer for the default under sub-section (1) of the said section, the interest shall be paid by the person in accordance with the order made by the Assessing Officer in this regard;
- amend sub-section (7) of section 206C to provide that where any order is made by the Assessing Officer for the default under sub-section (6A) of the said section, the interest shall be paid by the person in accordance with the order made by the Assessing Officer in this regard.

*Applicability: From 1st April, 2022.*

### **33. Amendment in the provisions of section 246A and section 248 of Income-tax Act and insertion of new section 239A**

It is proposed that a new section 239A may be inserted in the Act to provide that such a person, who has made the deduction of tax under such an agreement or arrangement and borne the tax liability, when no tax deduction was required, may file an application for refund of such tax deducted before the Assessing Officer.

Such person can, if he is not satisfied with the order of the Assessing Officer, go into appeal against such order before the Commissioner (Appeals), under section 246A of the Act. Accordingly, the provisions of section 248 of the Act will not apply in cases where the date of tax payment, to the credit of Central Government is on or after 01.04.2022.

*Applicability: From 1st April, 2022.*

### **34. Amendment in section 245MA of the Act related to Dispute Resolution Committee**

The existing provisions of the said section do 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 under the said section.

Therefore, 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. However, since DRC is an alternate dispute resolution mechanism itself, a taxpayer may opt for approaching either the Dispute Resolution Panel under section 144C of the Act or the DRC under section 245MA of the Act, and the AO shall pass the final order in conformity with the order by the DRC even in the case of an eligible assessee.

*Applicability: From 1st April, 2022.*

### **35. Amendment in the provisions of section 263 of the Act [Section 153 and 263]**

It is proposed to amend the provisions of section 263 of the Act so as to provide that the Principal Chief Commissioner or the Chief Commissioner or the Principal Commissioner or Commissioner who is assigned the jurisdiction of transfer pricing may call for and examine the record of any proceeding under this Act, and if he considers that any order passed by the TPO, working under his jurisdiction, to be erroneous in so far as it is prejudicial to the interests of revenue, he may pass an order directing revision of the order of TPO. Consequential changes are also to be made in the provisions of section 153 of the Act inter alia to

provide two months' time to the Assessing Officer to give effect to the order of TPO consequent to the directions in the revision order.

Further, in section 153 of the Act, it is proposed to

- provide that the provisions of sub-sections (3) and (5) of that section shall also be applicable to order passed by Transfer Pricing Officer under section 92CA,
- to insert sub-section (5A) to provide that where the Transfer Pricing Officer gives effect to an order or direction under section 263 by means of an order under section 92CA and forwards such order to the Assessing Officer, the Assessing Officer shall proceed to modify the order of assessment or reassessment or recomputation, in conformity with such order of the Transfer Pricing Officer, within two months from the end of the month in which such order of the Transfer Pricing Officer is received by him,
- provide that the said provisions of the sub-section (6) shall also be applicable to orders referred to in the sub-section (5A) inserted in the Act.

*Applicability: From 1st April, 2022.*

### **36. Rationalization of the provisions of sections 271AAB, 271AAC and 271AAD of the Act**

Sections 271AAB, 271AAC and 271AAD of the Act under Chapter XXI contain provisions which give powers to the Assessing Officer to levy penalty in cases involving undisclosed income in cases where search has been initiated u/s 132 or otherwise, or for false entry etc. in books of account.

It is proposed to amend the sections 271AAB, 271AAC and 271AAD by enabling the Commissioner (Appeals) to levy penalty under these sections to the along with Assessing Officer.

*Applicability: From 1st April, 2022.*

### **37. Amendment in the provisions of section 272A of the Act**

It is proposed to increase the amount of penalty for failures listed under section 272A(2) to Rs.500 from the existing sum of Rs.100.

*Applicability: From 1st April, 2022.*

### **38. Alignment of the provisions relating to Offences and Prosecutions under Chapter XXII of the Act**

Sections 278A and 278AA are related to punishment with prosecution against persons for failure to pay tax to the credit of Central Government under Chapter XVII- B for tax deducted at source. However, similar provisions for offence with respect to tax collected at source under Chapter XVII-BB, providing for punishment with prosecution against persons failing to pay tax collected at source is not there under sections 278A and 278AA. Therefore, it is proposed to include section 276BB under sections 278A and 278AA owing to the similar nature of offences that are punishable under section 276B and section 276BB

*Applicability: From 1st April, 2022.*

### **39. Widening the scope of reporting by producers of cinematograph films or persons engaged in specified activities [Section 285B]**

It is proposed to widen the scope of section 285B to include persons engaged in specified activities to expand the reporting requirements in Form 52A. “Specified Activities” would mean 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.

*Applicability: From 1st April, 2022.*

#### **40. Rationalisation of the provision of Charitable Trust and Institutions**

It is proposed to make changes in provisions of section 10(23C) or 11 and 12 to align the provisions relating to taxability and procedure of said institutions as governed by the respective section(s).

*Detailed note on amendments for charitable/religious institutions will be shared in a separate note.*

## INDIRECT TAX PROPOSALS

### CUSTOMS

(a) "Basic Customs Duty" means the customs duty levied under the Customs Act, 1962.

(b) Amendments carried out through the Finance Bill, 2021 will come into effect on the date of its enactment, unless otherwise specified.

<b>S. No.</b>	<b>Heading</b>	<b>Amendment</b>
1	<b>Additional obligation for importer where value is not declared correctly</b>	In order to address the issue of undervaluation in import, Section 14 is being amended to include provisions for rules enabling the Board to specify the additional obligations of the importer in respect of a class of imported goods whose value is not being declared correctly, the criteria of selection of such goods, and the checks in respect of such goods.
2	<b>Protection of Data submitted by assessee</b>	Section 135AA is being inserted to protect the import and export data submitted to Customs by importers or exporters in their declarations by making the publishing of such information unless provided by the law, as an offence under Customs Act.
3	<b>Rate changes : Custom Tariff Act, 1975</b>	Tariff rate changes for basic custom duty on various products, to be effective from 02-02-2022 unless otherwise specified.
4	<b>Exemption from SWS (Social Welfare Cess)</b>	Imports of Olive oil, Crude and trimmed marbles, construction stones, granite, porphyry, basalt or sandstone, blocks or slabs of marbles, granite, porphyry, basalt or sandstone, etc. is now exempt from SWS.
5	<b>Withdrawal of exemption of SWS (Social Welfare Cess)</b>	Exemption of SWS on overcoats, car coats, capes, cloaks, anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles, knitted or crocheted, other than those of heading 6103, of wool or fine animal hair now withdrawn.

**EXCISE :**

(a) Amendments carried out through the Finance Bill, 2022 come into effect on the date of its enactment,

S. No.	Heading	Amendment
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unless otherwise specified.

1	<b>Additional basic excise duty on petrol &amp; diesel</b>	An additional Basic Excise Duty of Rs. 2 per litre on Petrol and Diesel, intended to be sold to retail consumers without blending, would be levied with effect from the 1st day of October, 2022.
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## Goods and Service Tax

Note: (a) CGST Act means Central Goods and Services Tax Act, 2017

(b) IGST Act means Integrated Goods and Services Tax Act, 2017

(c) UTGST Act means Union Territory Goods and Services Tax Act, 2017

Amendments carried out in the Finance Bill, 2022, will come into effect from a date to be notified, as far as possible, concurrently with the corresponding amendments to the similar Acts passed by the States & Union territories with legislature.

### AMENDMENTS IN THE CGST ACT, 2017:

S. No.	Heading	Amendment
1	<b>Eligibility and conditions for taking input tax credit (SECTION 16):</b>	<p>A new clause (ba) to sub-section (2) of section 16 of the CGST Act is being inserted to provide that input tax credit with respect to a supply can be availed only if such credit has not been restricted in the details communicated to the taxpayer under section 38.</p> <p>Further, sub-section (4) of section 16 of the CGST Act is being amended so as to provide for an extended time for availment of input tax credit by a registered person in respect of any invoice or debit note pertaining to a financial year up to 30<sup>th</sup> of November of the following financial year.</p> <p><b>EXPLANATION:</b></p> <p><i>(A) Section 16 deals with eligibility and conditions for claiming the input tax credit.</i></p> <p><i>As per newly inserted clause the Input tax credit with respect to a supply may be availed only when such credit has not been restricted as prescribed u/s 38.</i></p> <p><i>(B) In order to avail ITC for the previous financial year, earlier of the following is considered:</i></p> <ol style="list-style-type: none"> <li><i>1. Due date of furnishing of GSTR 3B of September month after end of financial year OR</i></li> <li><i>2. Furnishing of annual return.</i></li> </ol> <p><i>As per amendment in section 16 sub-section (4) the last date for claiming ITC with respect to any invoice is prescribed as 30th</i></p>

		<p>November after the end of the financial year or furnishing of an annual return whichever is earlier.</p>
2	<p><b>Cancellation of registration (SECTION 29)</b></p>	<p>Clause (b) and (c) of sub-section (2) of section 29 of the CGST Act are being amended so as to provide that the registration of a person is liable for cancellation, where -</p> <p>(i) 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 of the said return;</p> <p>(ii) a person, other than those paying tax under section 10, has not furnished returns for such continuous tax period as may be prescribed.</p> <p><b>EXPLANATION:</b> <i>Section 29(2) deals with cancellation of registration of a person.</i></p> <p><i>Presently in Section 29(2)(b), it provides that for a composition dealer, his registration may get cancelled if returns are not furnished for 3 consecutive tax periods.</i></p> <p><i>Post the amendment, : “3 consecutive tax periods” has been replaced as non-furnishing of the return beyond “3 months from its due-date.</i></p> <p><i>Henceforth, a registered person’s registration can be cancelled if he has not furnished return for such period in GSTR-4.</i></p>
3	<p><b>Extension - Credit and debit notes (SECTION 34)</b></p>	<p>Sub-section (2) of section 34 of the CGST Act is being amended so as to provide for an extended time for issuance of credit notes in respect of any supply made in a financial year upto 30<sup>th</sup> of November of the following financial year.</p> <p><b>EXPLANATION:</b> <i>Post amendment time for issuance of credit notes in respect of any supply made in a financial year has been extended from 30<sup>th</sup> September to 30<sup>th</sup> November of the following financial year.</i></p>
4	<p><b>Conditions &amp; Restrictions for furnishing details of outward supplies (SECTION 37)</b></p>	<p>Section 37 of the CGST Act is being amended so as to:</p> <p>(i) provide for prescribing conditions and restrictions for furnishing the details of outward supply and for communication of the details of such outward supplies to concerned recipients;</p> <p>(ii) do away with two-way communication process in return filing;</p>

		<p>(iii) provide for an extended time up to 30<sup>th</sup> November of the following financial year for rectification of errors in respect of details of outward supplies furnished</p> <p>(iv) provide for tax period-wise sequential filing of details of outward supplies under sub-section (1).</p>
5	<p><b>Conditions &amp; Restrictions for furnishing details of inward supplies (SECTION 38)</b></p>	<p>Section 38 of the CGST Act is being substituted for prescribing the manner as well as conditions and restrictions for communication of details of inward supplies and input tax credit to the recipient by means of an auto-generated statement and to do away with two-way communication process in return filing.</p>
6	<p><b>Conditions &amp; Restrictions for furnishing returns (SECTION 39)</b></p>	<p>Section 39 of the CGST Act is being amended so as to:</p> <p>(i) provide that the non-resident taxable person shall furnish the return for a month by thirteenth day of the following month;</p> <p>(ii) provide 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;</p> <p>(iii) provide for an extended time up to 30<sup>th</sup> November of the following financial year, for rectification of errors in the return furnished under section 39;</p> <p>(iv) provide for furnishing of details of outward supplies of a tax period under sub-section (1) of section 37 as a condition for furnishing the return under section 39 for the said tax period.</p>
7	<p><b>Claim of input tax credit and provisional acceptance thereof (SECTION 41)</b></p>	<p>Section 41 of the CGST Act is being substituted so as to do away with the concept of “claim” of eligible input tax credit on a “provisional” basis and to provide for availment of self- assessed input tax credit subject to such conditions and restrictions as may be prescribed.</p>
8	<p><b>Matching, reversal and reclaim of (a) input tax credit (b) reduction in output tax liability (SECTION 42 &amp; 43)</b> <b>Procedure for furnishing return and availing input tax credit (SECTION 43A)</b></p>	<p>Sections 42, 43 and 43A of the CGST Act are being omitted so as to do away with two-way communication process in return filing.</p>



9	<b>Levy of late fee (SECTION 47)</b>	Section 47 of the CGST Act is being amended so as to provide for levy of late fee for delayed filing of return under section 52. Further, reference to section 38 is being removed consequent to the amendment in section 38 of the CGST Act.
10	<b>Removal of SUB-SECTION (2) of section 48 consequent to amendment in section 38</b>	Consequent to the amendment in section 38 of the CGST Act, sub-section (2) of section 48 of the CGST Act is being amended so as to remove reference to section 38 therefrom.
11	<b>Payment of tax, interest, penalty and other amounts :  Transfer allowance of amount in electronic cash ledger of a registered person to distinct person (SECTION 49)</b>	Section 49 of the CGST Act is being amended so as to:
		(i) provide for prescribing restrictions for utilizing the amount available in the electronic credit ledger;
		(ii) allow transfer of amount available in electronic cash ledger under the CGST Act of a registered person to the electronic cash ledger under the said Act or the IGST Act of a distinct person;
12	<b>Interest on delayed payment of tax (SECTION 50)</b>	Sub-section (3) of section 50 of the CGST Act is being substituted retrospectively, with effect from the 1st July, 2017, so as to provide for levy of interest on input tax credit wrongly availed and utilized.
		<b>EXPLANATION:</b> AS per the amendment w.e.f the 1st July, 2017 levy of interest on input tax credit wrongly availed and utilized. i.e., Interest will not be levied if ITC is not utilized and the effect will be retrospective.
13	<b>Collection of tax at source : Extension (SECTION 52)</b>	Sub-section (6) of section 52 of the CGST Act is being amended so as to provide for an extended time upto thirtieth day of November of the following financial year for rectification of errors in the statement furnished under sub- section (4).
		<b>EXPLANATION:</b> As per amendment in sub section (6) of Sec 52, rectification of any omission or incorrect particulars shall be allowed upto 30th November of the following financial year in the statement furnished under subsection (4).
14		Section 54 of the CGST Act is being amended so as to:

	<b>Tax Refund , Addition of SEZ unit (SECTION 54)</b>	(i) explicitly provide that refund claim of any balance in the electronic cash ledger shall be made in such form and manner as may be prescribed;
		(ii) provide the time limit for claiming refund of tax paid on inward supplies of goods or services or both under section 55 as two years from the last day of the quarter in which the said supply was received;
		(iii) extend the scope of withholding of or recovery from refunds in respect of all types of refund;
		(iv) provide clarity regarding the relevant date for filing refund
		claim in respect of supplies made to a Special Economic Zone developer or a Special Economic Zone unit by way of insertion of a new sub-clause (ba) in clause (2) of Explanation thereto.
15	<b>Power to issue instructions or directions (SECTION 168)</b>	Consequent to the amendment in section 38 of the CGST Act, sub-section (2) of section 168 of the CGST Act is being amended so as to remove reference to section 38 therefrom.

**I. AMENDMENTS IN THE IGST ACT, 2017:**

<b>S. No.</b>	<b>Amendment</b>
1.	Notification No. 6/2017 – Integrated Tax, dated the 28 <sup>th</sup> June, 2017, is being amended retrospectively, with effect from the 1 <sup>st</sup> day of July, 2017, so as to notify rate of interest under sub- section (3) of section 50 of the CGST Act as 18%.

**II. AMENDMENTS IN THE UTGST ACT, 2017:**

<b>S. No.</b>	<b>Amendment</b>
1.	Notification number 10/2017 – Union Territory Tax, dated the 30 <sup>th</sup> June, 2017, is being amended retrospectively, with effect from the 1 <sup>st</sup> day of July, 2017, so as to notify rate of interest under sub-section (3) of section 50 of the CGST Act as 18%.

### III. RETROSPECTIVE AMENDMENTS OF GST RATE NOTIFICATIONS:

S. No.	Amendment
1.	Central Tax, Union Territory Tax and Integrated Tax on supply of unintended waste generated during the production of fish meal (falling under heading 2301), except fish oil, is being exempted during the period commencing from the 1st day of July, 2017, and ending with the 30 <sup>th</sup> day of September, 2019 (both days inclusive), subject to the condition that if said tax has been collected, the same would not be eligible for refund.
2.	Service by way of grant of alcoholic liquor license, against consideration in the form of license fee or application fee or by whatever name it is called by the State Governments, has been declared as an activity or transaction which shall be treated neither as a supply of goods nor a supply of service <i>vide</i> notification No. 25/2019- Central Tax (R) dated 30.09.2019, notification No. 24/2019- Integrated Tax (R) dated 30.09.2019 and notification No. 25/2019- Union Territory Tax (R) dated 30.09.2019. These notifications have been given retrospective effect from 01.07.2017. However, no refund shall be made of tax which has been collected, but which would not have been so collected, had the said notifications been in force at all material times.

## UNION BUDGET AT A GLANCE

### Summary of Government Receipts & Payments

(Rs. in Crores)

	2018-2019	2019-2020	2020-2021	2021-2022	2021-2022	2022-2023
	Actuals	Actuals	Actuals	Budget Estimates	Revised Estimates	Budget Estimates
<b>1. Revenue Receipts</b>	15,52,916	16,84,059	16,33,920	17,88,424	20,78,936	22,04,422
<b>2. Tax Revenue (Net to Centre)</b>	13,17,211	13,56,902	14,26,287	15,45,396	17,65,145	19,34,771
<b>3. Non Tax Revenue</b>	2,35,705	3,27,157	2,07,633	2,43,028	3,13,791	2,69,651
<b>4. Capital Receipts <sup>1</sup></b>	7,62,197	10,02,271	18,75,916	16,94,812	16,91,064	17,40,487
<b>5. Recovery of Loans</b>	18,052	18,316	19,729	13,000	21,975	14,291
<b>6. Other Receipts</b>	94,727	50,304	37,897	1,75,000	78,000	65,000
<b>7. Borrowings and Other Liabilities<sup>2</sup></b>	6,49,418	9,33,651	18,18,291	15,06,812	15,91,089	16,61,196
<b>8. Total Receipts (1+4)</b>	23,15,113	26,86,330	35,09,836	34,83,236	37,70,000	39,44,909
<b>9. Total Expenditure (10+13)</b>	23,15,113	26,86,330	35,09,836	34,83,236	37,70,000	39,44,909
<b>10. On Revenue Account</b>	20,07,399	23,50,604	30,83,519	29,29,000	31,67,289	31,94,663
<b>of which</b>						
<b>11. Interest Payments</b>	5,82,648	6,12,070	6,79,869	8,09,701	8,13,791	9,40,651
<b>12. Grants in Aid for creation</b>	1,91,781	1,85,641	2,30,865	2,19,112	2,37,685	3,17,643
<b>of capital assests</b>						
<b>13. On Capital Account</b>	3,07,714	3,35,726	4,26,317	5,54,236	6,02,711	7,50,246
<b>Effective Capital Expenditure (12+13)</b>			6,57,182	7,73,348	8,40,396	10,67,889
<b>14. Revenue Deficit (10-1)</b>	454483 (2.4)	666545 (3.3)	1449599 (7.3)	1140576 (5.1)	1088352 (4.7)	990241 (3.8)
<b>15. Effective Revenue Deficit (14-12)</b>	262702 (1.4)	480904 (2.4)	1218734 (6.2)	921464 (4.1)	850667 (3.7)	672598 (2.6)
<b>16. Fiscal Deficit [9-(1+5+6)]</b>	649418 (3.4)	933651 (4.6)	1818291 (9.2)	1506812 (6.8)	1591089 (6.9)	1661196 (6.4)
<b>17. Primary Deficit (16-11)</b>	66770 (0.4)	321581 (1.6)	1138422 (5.8)	697111 (3.1)	777298 (3.3)	720545 (2.8)

N.B. Fiscal Deficit = Revenue Receipts + Capital Receipts except Borrowing –  
(Revenue Expenditure + Capital Expenditure)

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