



BUDGET FLASH

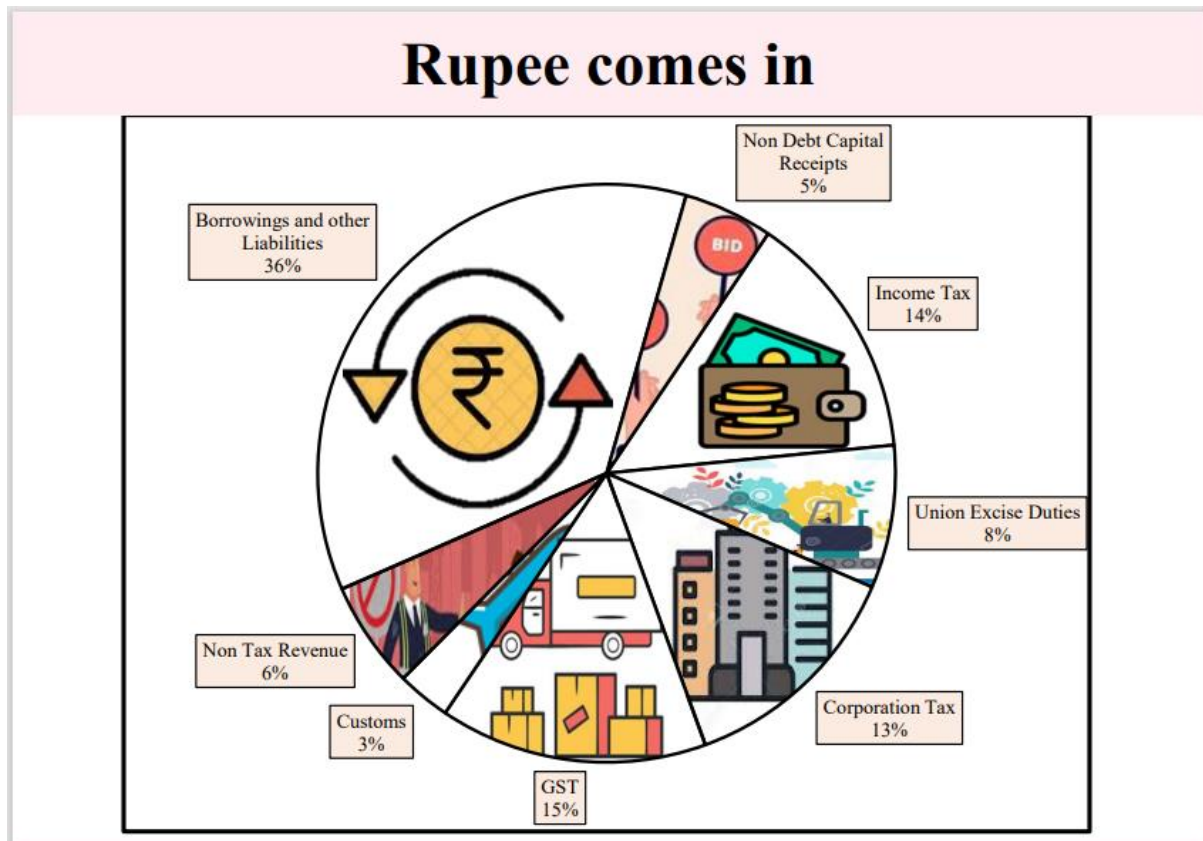
by Pratapkaran Paul & Co

2021-22

Union
Budget
Highlights

Fiscal Summary

- 2020-21 Fiscal Deficit seen at 9.5% of GDP
- 2021-22 Fiscal Deficit seen at 6.8% of GDP
- Govt plans to raise 80,000 Crores from the Bond Market in next two months



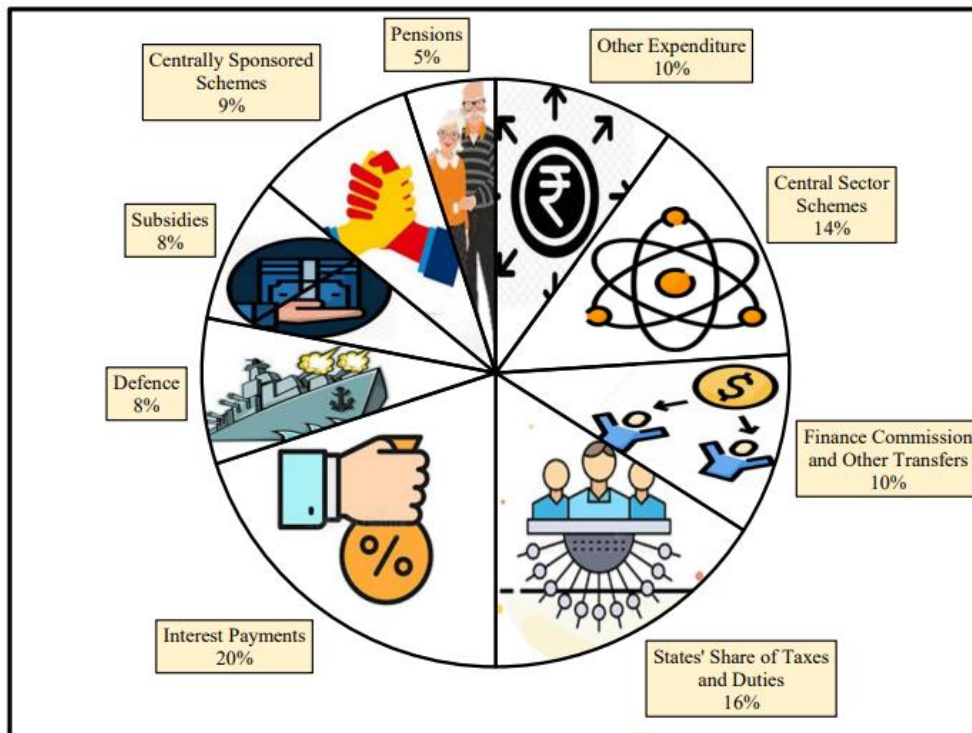
Agriculture

- MSP regime has undergone a change to assure price that is at least 1.5 times the cost of production across all commodities.
- Govt. Propose increase in the agriculture credit target to Rs 16.5 lakh crore.

Infrastructure

- FM proposes sharp increase in capital expenditure for next fiscal at Rs 5.54 lakh crores from Rs 4.39 lakh crores last year.
- The Govt to setup Seven textile parks in next 3 years.
- Aims to complete 11,000 km of national highway infrastructure in 2021-22.

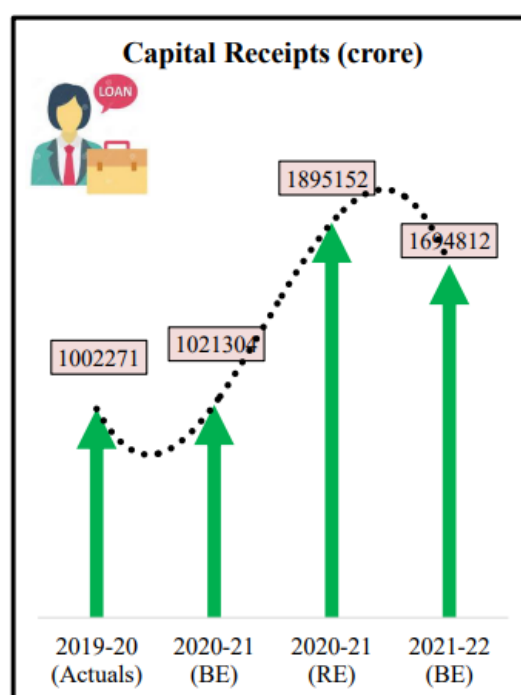
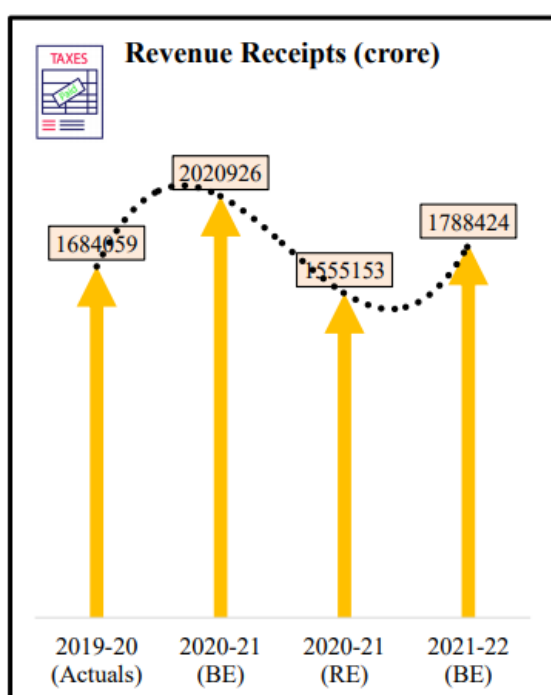
Rupee goes out



- Profit Linked Incentive scheme to specified industries with outlay of Rs 1.97 lakh crore for 5 years starting from FY 2021-22.
- INR 1.10 lakh crore outlay for railways, of which Rs 1.7 lakh crore is for capital expenditure and towards making Railways future ready with aim to reduce the commercial
- Centre to provide buses worth Rs. 18,000 crores towards better public transportation in States.
- Pipelines of GAIL (India) Ltd, Indian Oil Corp, HPCL will be monetised.
- Central fiscal funding for Kochi Metro, Chennai Metro, Bengaluru Metro, Nagpur Metro and Nashik Metro projects.
- Govt proposing to create a framework to give consumers alternatives to choose from more than one power distribution company.
- Various allocations for completion of Highway projects in Tamil Nadu, Kerala, Assam, and West Bengal

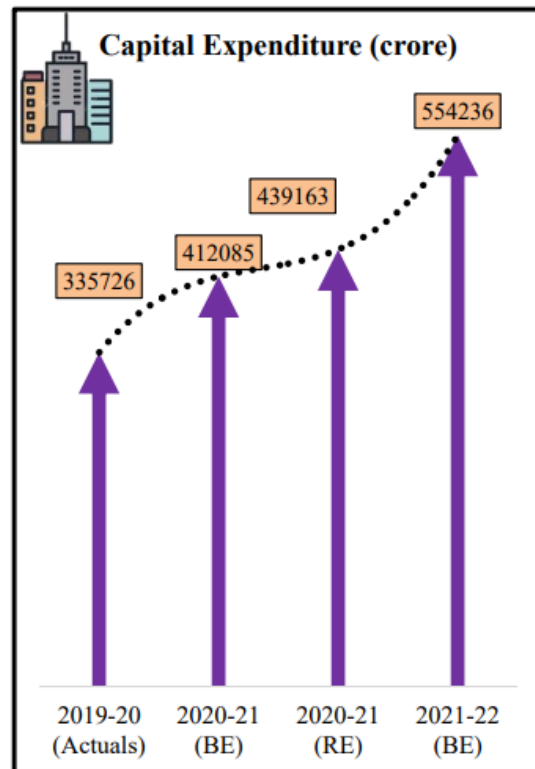
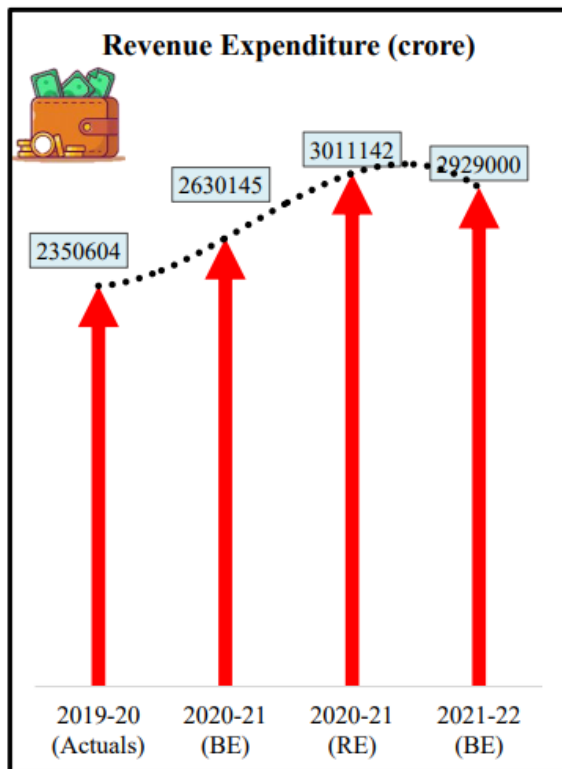
Health care

- The Urban Swachh Bharat scheme will be implemented with an outlay of over Rs 1.4 lakh crore.
- A new Federal health scheme, PM Swasthya Yojana, with an outlay of Rs 64,180 crores will be launched in addition to the existing schemes to develop primary, secondary, and tertiary healthcare. FY22 outlay (budget estimate) for health and well-being is up 138%, at Rs 2,23,846 crores. Of this, 35,000 crores will be spent on Covid-19 vaccine. Govt committed to spending more if needed.



Disinvestment

- Disinvestment target for FY2021 - 22 at Rs 1.75 lakh crores
- LIC IPO to hit markets in FY 2021-22
- Two PSBs and one General Insurance company to be divested. Barring four strategic areas, PSUs in other sectors will be divested.
- To announce privatisation of state-run companies
- To monetise surplus lands of public sector entities and ministries



Corporate

- Govt to introduce 4 long pending labour codes which subsumes multiple labour laws. Consolidated one Single online registration will be provided. Reduces compliance burden to companies.
- Extended benefit to Small Companies, Small company definition amended in Companies Act. Paid up capital increased from 50L to 2 Crores, Turnover limit increased from 2 crores to 20 crores.
- One Person Companies to grow without any restrictions in share capital or turnover.
- NRIs who stay in India for a minimum of 120 days is now allowed to set-up One person Company.
- Launching of MCA Version 3.0 – E-scrutiny, E-Adjudication and Compliance management to be simplified.
- Decriminalisation of certain offences under the LLP Act, 2008.

Direct taxes

- Last date for filing under Vivad Se Viswas Scheme has been extended to **28th February 2021**.
- Exemption from filing Return of Income has been granted to senior citizens of age 75 years and above, who are earning only Pension and Interest income.

Assessment Procedures:

- Time Limit for Re-opening of assessment to be reduced from 6 years to 3 years.
- With respect to serious tax evasion cases, only if there is an evidence of concealment of income of Rs.50 Lacs or more per annum assessment can be re-opened up to 10 years with the approval of Principal Chief Commissioner of Income Tax.
- With an intent of reducing litigation for small taxpayers, a faceless **Dispute Resolution Committee** shall be constituted for people with Returned Income of up to Rs.50 lacs and Disputed Income of Rs.10 Lacs.
- Income Tax Appellate Tribunal is proposed to go faceless with 100% electronic proceedings. For cases requiring personal hearing, it shall be undertaken through video conferencing.
- Threshold limit for applicability of tax audits has been increased from Rs.5 crores to Rs. 10 crores for assesseees having 95% digital transactions.

Dividend:

- Dividend payments made to REIT/INVIT has been exempted from TDS.
- Advance tax liability on dividend income would arise only after declaration or payment of dividend.

Affordable Housing:

- Additional interest deduction u/s 80EEA of Rs. 1.5 Lacs has been extended for loans taken till 31st March 2022.
- Tax Holidays for affordable housing projects has been extended till 31st March 2022.
- Details of Capital Gains from listed securities, dividend income and interest income to be pre-filled in the Income tax returns
- Threshold limit for Charitable trust running Hospitals and Educational institutions to claim relief u/s 10(23C) has been increased from Rs. 1 crore to Rs. 5 crores.

- The benefit of Sec 43B cannot be extended to delayed payments of Employee Contribution.
- Tax holidays for start-ups extended till 31st March 2022
- Capital Gains exemption on investment in start-ups also extended to 31st March 2022

Indirect taxes

- Rationalisation of Customs act. Customs duty increased or introduced on few products to boost Local production
- The mandatory requirement of GST Audit under Section 35 and Section 44 of CGST act by CA / CWA is removed

Others

- FDI in insurance sector proposed to be hiked to 74% from 49%.
- Consolidation of SEBI act, SCRA Act and others into Securities Market Code