INDIA BUDGET STATEMENT 2021

DIRECT TAX

INDIRECT TAX

KEY FEATURES

mgb

MUMBAI | DELHI | BENGALURU | JAIPUR

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We recommend you seek professional advice before taking action on specific issues.
The Finance Bill as introduced in the Parliament may undergo changes before its enactment.

Foreword

Expectations from the Budget 2021 were high. Given the hardships that people have endured over the past year, it was expected that there would be relief in some form for the masses and at the same time, given the fact that the Government witnessed a rising expenditure and tumbling revenues, even as economic activity came to a standstill due to the pandemic-induced lockdown, it was feared that the Finance Minister could introduce additional levies, mostly a Covid Cess. Fortunately, the best part of this Budget was that it embraced stability with no tinkering in tax rates or introduction of any form of Covid-19 pandemic-related tax whereas provided more transparency and accountability. Budget 2021 touted as the most important budget in decades, could be a 'game changer' that may pave the way for the V-shaped revival of the Indian economy.

With GST collections at a record high, monetization of operating infrastructure assets, surplus from petroleum levies and receipts from divestments, all of which could help the Government to control the deficit to a projected 6.8% of the GDP in FY 2021-22 as compared to the revised estimate of 9.5% for FY 2020-21.

The financial services sector saw a number of positive regulatory announcements – the proposal to set up a 'bad bank' to deal with stressed assets, increase in FDI in Insurance from 49% to 74%, introduction of detailed framework for Bond market, clarity and tax benefits for units in GIFT city, NBFCs to be allowed to use SARFESAI provisions for loan default of Rs 2mn and more, amongst others.

On the Direct tax front, the biggest amendment affecting M&A for the Corporate world was the abolition of allowability of depreciation on Goodwill acquired on mergers/acquisition which was previously allowed by the Supreme Court. This, along with the change in the definition of 'slumpsale' to include 'transfers', would have a big impact on the future M&A structures. Equalisation levy has been expanded and clearly defined to avoid ambiguity including removing the levy where royalty/fees for technical services has been paid. Dividend payment to REIT/ InvIT have been made exempt from TDS. For Foreign Portfolio Investors, the Budget has proposed to enable deduction of tax on dividend income at lower treaty rate.

Under the Indirect Tax announcements, to encourage 'Make in India', the Budget proposed to review more than 400 old customs duty exemptions and intends to put a revised customs duty structure by October 1st, 2021. The Budget also proposes that any new customs duty exemption henceforth will have validity up to the 31st March following two years from the date of its issue. To further simplify procedures, GST audit has been abolished and a time limit has been set up for completing GST investigations.

Drawing inspiration from an amazing comeback of the Indian cricket team recently in Australia under trying circumstances, the Finance Minister today asserted that India is well-poised to truly be the land of promise and hope in the post-COVID-19 world. The optimism which this Budget has generated despite higher borrowing and a wider fiscal deficit, is on account of the positive measures to revive the Covid-19 hit economy and the fact that the money has been put to good use.

After being flanked (bowled out for 36) in the past, the Finance Minister has displayed the right amounts of both Pant and Pujara this time around, however now a lot depends on the success and timeliness of execution.

February 01, 2021 **Team MGB**

DIRECT TAXES

Income Tax

A. Rates of Income Tax

- **Individuals, HUF, AOP, BOI & Artificial Juridical Person**

Taxable Income (Rs)	Tax Rates (%)[1]
0 – 2,50,000[2]	Nil
2,50,001 – 5,00,000[3]	5.20
5,00,001 – 10,00,000	20.80
10,00,001 – 50,00,000	31.20
50,00,001 – 1,00,00,000	34.32[4]
1,00,00,001 – 2,00,00,000	35.88[5]
2,00,00,001 – 5,00,00,000 (Refer Note 1)	39.00[6]
> 5,00,00,001 (Refer Note 1)	42.744[7]

As per Section 115BAC

Individuals and HUFs have been given an option to opt for lower rate of taxation under section 115BAC provided the conditions specified therein are satisfied. The tax rates specified under section 115BAC is as under :

Taxable Income (Rs.)	Tax Rates (%)[1]
0 – 2,50,000	Nil
2,50,001 – 5,00,000[3]	5.20
5,00,001 – 7,50,000	10.40
7,50,001 – 10,00,000	15.60
10,00,001 – 12,50,000	20.80
12,50,001 – 15,00,000	26.00
15,00,001 – 50,00,000	31.20
50,00,001 – 1,00,00,000	34.32[4]
1,00,00,001 – 2,00,00,000	35.88[5]
2,00,00,001 – 5,00,00,000 (Refer Note 1)	39.00[6]
> 5,00,00,001(Refer Note 1)	42.744[7]

[1] *includes Health and Education Cess of 4%*
[2] *Rs. 3,00,000 for Senior Citizens (60years+) and Rs. 5,00,000 for very Senior Citizens (80years+)*
[3] *Rebate of tax payable or Rs.12,500, whichever is less, for individuals whose total income does not exceed Rs. 5,00,000/-*
[4] *Includes Surcharge of 10%*
[5] *Includes Surcharge of 15%*
[6] *Includes Surcharge of 25%*
[7] *Includes Surcharge of 37%*

Note 1: In case, where the total income includes any income by way of dividend or income chargeable under section 111A and section 112A or income chargeable under clause (b) of sub-section (1) of section 115AD, the rate of surcharge on the amount of Income-tax computed in respect of that part of income, shall not exceed fifteen percent.

- The option shall be exercised on or before the due date of filing return of income under section 139(1) as under :

Income	Option
Where Individual/ HUF has no Business Income	The option shall be exercised for every previous year
Where Individual/ HUF has Business Income	The option once exercised for a previous year shall be valid for that previous year and all subsequent years. Further, the Individual/HUF shall be allowed to withdraw the option only once in the subsequent years and once the option is withdrawn, Individual/HUF shall never be eligible to exercise this option, except where such Individual/HUF ceases to have any business income. The provisions relating to AMT shall not apply to such individual or HUF and accordingly, provisions of carry forward and set off of AMT credit shall not apply.

The option shall become invalid for a previous year or previous years, as the case may be, if the Individual or HUF fails to satisfy the conditions and other provisions shall apply.

- **Partnership Firms (including LLP)**

Taxable income (Rs)	Tax Rates (%)[8]
<1,00,00,000	31.20
> 1,00,00,001	34.944[9]

- **Co-operative Society**

Taxable income (Rs)	Tax Rates (%)[8]
1 – 10,000	10.40
10,001 – 20,000	20.80
20,001 - 1,00,00,000	31.20
>1,00,00,001	34.944[9]

[8] *includes Health and Education Cess of 4%*
[9] *includes Surcharge of 12%*

As per Section 115BAD

Co-operative Societies have been given an option to opt for lower rate of taxation under section 115BAD, on fulfilment of conditions contained therein. The tax rates specified under section 115BAD is as under:

Taxable income (Rs)	Tax Rates (%)[10]
On any amount of Taxable Income	25.168

- **Domestic Company**

Taxable Income (Rs)	Tax Rates (%)[11]	
	Turnover in FY 2019-20 does not exceed Rs 400 Crores	Turnover in FY 2019-20 is more than Rs 400 Crores
<1,00,00,000	26.00	31.20
1,00,00,001 >10,00,00,000	27.82[12]	33.384[12]
> 10,00,00,001	29.12[13]	34.944[13]

As per Section 115BAA and Section 115BAB

It may be noted that domestic companies also have an option to opt for lower rate of taxation under section 115BAA or section 115BAB, on fulfilment of conditions contained therein.

The tax rates specified under section 115BAA and section 115BAB is as under:

Taxable income (Rs)	Tax Rates (%)[10] (Section 115BAA)	Tax Rates (%)[10] (Section 115BAB)
On any amount of Taxable Income	25.168	17.16

The Companies opting for Section 115BAA & Section 115BAB are not required to pay Minimum Alternate Tax ('MAT')

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[10] *includes Surcharge of 10% Health and Education Cess of 4%*
[11] *includes Health and Education Cess of 4%*
[12] *includes Surcharge of 7%*
[13] *includes Surcharge of 12%*

- **Foreign Company**

Taxable income (Rs)	Tax Rates (%)[14]
<1,00,00,000	41.60
1,00,00,001 >10,00,00,000	42.432[15]
> 10,00,00,001	43.680[16]

- **Other Corporate Tax Rates under Section 115JB**

Taxable income (Rs)	Tax Rates (%)[14]
Minimum Alternative Tax	
<1,00,00,000	15.60
1,00,00,001 >10,00,00,000	16.692[17]
> 10,00,00,001	17.472[18]

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[14] *includes Health and Education Cess of 4%*
[15] *includes Surcharge of 2%*
[16] *includes Surcharge of 5%*
[17] *includes Surcharge of 7%*
[18] *includes Surcharge of 12%*

B. Income from Salaries

Exemption for LTC Cash Scheme

It is proposed to provide tax exemption by way of cash allowance in lieu of unavailed Leave Travel Concession (LTC) subject to fulfillment of certain conditions, to be prescribed in the Income Tax Rules, 1962 which shall, inter alia, be as under:

- The amount of exemption shall not exceed Rs. 36,000 per person or 1/3rd of the specified expenditure, whichever is less. "Specified Expenditure" has been defined to mean expenditure by an individual or member of his family, for purchase of goods/services attracting GST of 12% or more;
- Purchases must be made during the period between 12 October 2020 and 31 March 2021.
- Payment for the purchases must be made through a digital mode including cheque, UPI, etc.
- Invoices must be furnished to an employer containing details of the vendor, GST number and GST amount paid.

[Section 10(5) for AY 2021-22 only]

C. Profits and Gains from Business or Profession

Depreciation on Goodwill

- Supreme Court in the case of Smiff Securities Limited [(2012)348 ITR 302 (SC)] recognized goodwill of a business or profession as a depreciable assets and allowed depreciation on goodwill.
- With effect from A.Y. 2021-22, it is proposed to amend various sections to provide that the goodwill will no longer be part of block of assets and consequently no depreciation would be allowed.
- In case, goodwill formed a part of the block of assets prior to 1 April 2021, the capital gain and the written down value is to be computed in the manner prescribed. In case, where depreciation on goodwill has been claimed, the cost of acquisition of such goodwill would, for the purpose of computing capital gains, be the purchase price as reduced by depreciation claimed before A.Y. 2021-22.

[Section 2(11), Section 32, Section 50 and Section 55 w.e.f. AY 2021-22]

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Payment by employer of employee contribution to a fund on or before due date

- Clause (va) of sub-section (1) to Section 36 allows deduction of the amount received by the assessee from any of his employees as contribution to any provident fund or super-annuation fund or any fund set up under the provisions of Employees' State Insurance Act, 1948, or any other fund welfare of such employees, if paid on or before the due date. However, some courts have applied the provision of Section 43B and held that as long as the payment of the sums have been made on or before the due date of filing the return of income, the same would be allowable, notwithstanding delay in payment of such sums viz. the respective Acts.

- It is now clarified that the provisions of Section 43B would not apply in the context of section 36(1)(va) and that the deduction would be allowed only if the payment is made within the due dates specified in the relevant Acts.

[Section 36(1)(va) and Section 43B w.e.f.AY 2021-22]

Increase in safe harbour limit (applicable for home buyers and real estate developers of residential units)

- In case, the sale consideration received or accrued as result of transfer of immovable property (land or building or both) is less than the value adopted / assessed by stamp valuation authority, then value so adopted / assessed by the stamp valuation authority shall be deemed to be the full value of consideration for the purpose of computing Business Income.

- Previously, it was provided that the value adopted / assessed by the stamp value authority does not exceed one hundred and ten percent then the consideration so received shall be deemed to be the full value of consideration.

- Now, in order to boost the demand in the real-estate sector, the safe harbour threshold limit is proposed to increase **from 10% to 20%** . where the following conditions are met:

  - The transfer of residential unit takes place during the period from 12 November 2020 to 30 June 2021.

  - The transfer is by way of first time allotment of the residential unit to any person.

  - The consideration received or accruing as a result of such transfer does not exceed two crore rupees.

[Section 43CA w.e.f. AY 2021 -22]

- Consequential relief of increase in safe harbour limit from **10% to 20%** is also provided by making an amendment in section 56(2)(x), which states that, where any person receives, from any person on or after 1 April 2017, any immovable property, for a consideration, which is less than the stamp duty value of such property by Rs. 50,000/- then the stamp duty value of the property in excess of fifty thousand shall be charged to tax under the head "Income from other Sources".

[Section 56(2)(x) w.e.f. AY 2021 -22]

D. Capital Gains

Rationalization of the provisions of slump sale

- The manner of taxability of capital gains on transfer of one or more Undertakings by way of slump sale is governed by the provisions of section 50B. A view has been taken by various courts that transfer of Undertaking by way of exchange/ relinquishments do not fall within the scope of definition of the term slump sale.

- It is proposed now to include within the definition of slump sale, transfer of all types as defined in section 2(47). Therefore, the provisions for computing capital gain under slump sale would be applicable for all kinds of transfers.

[Section 2(42C) w.e.f. AY 2021-22]

Rationalization of provision of transfer of capital asset to partner on dissolution or reconstitution

- It is proposed to overhaul the taxation of transfer of capital asset to partner/ member on dissolution/ reconstitution of partnership firm/ AOP/ BOI by replacing section 45(4) with two new Section 45(4) and Section 45(4A).

- The profit and gains arising from the receipt of capital asset, money or any other asset by the specified person shall be chargeable to income-tax as income of the specified entity under the head "capital gains" and shall be deemed to be the income of such specified entity of the previous year in which the capital asset was received by the specified person.

- For the purposes of section 48, the value of money received or the fair market value of the capital asset or any other asset on the date of such receipt shall be deemed to be the full value of the consideration received or accruing as a result of the transfer of the capital asset. The balance in the capital account of the specified person in the books of account of the specified entity shall be deemed to be the cost of acquisition which is to be calculated without taking into account increase in the capital account of the specified person due to revaluation of any asset or due to self-generated goodwill or any other self-generated asset.

[Section 45(4) & Section 45(4A) w.e.f. AY 2021-22]

E. Exemptions and Deductions

Taxability of Interest on various funds where income is exempt

- Under the existing provisions any payment received from recognized provident fund and accumulated balance due to an employee participating in a recognized provident fund shall be exempt.

- It is proposed to provide that the said exemption shall not apply to the interest income accrued during the previous year to the extent it relates to the amount or the aggregate of amount of

contribution made by the person exceeding Rs. 2,50,000/- in a previous year in that fund.

- It is proposed to provide that the said exemption shall not apply to the interest income accrued during the previous year to the extent it relates to the amount or the aggregate of amount of contribution made by the person exceeding Rs. 2,50,000/- in a previous year in that fund.

[Section 10(11) & Section 10(12) w.e.f. AY 2022-23]

Taxation of proceeds of high premium Unit Linked Insurance Policy [ULIP]

- Section 10(10D) provides for the exemption for the sum received under a life insurance policy in respect of which the premium payable during the terms of policy does not exceed ten percent of actual capital sum assured. However, the high net worth individuals claimed huge premium which defeated the intent of this clause to provide benefit to small and genuine cases.

- A proviso is proposed to be inserted which provides that the exemption shall not apply with respect to any ULIP issued on or after 1 February 2021, if the amount of premium payable for any previous year exceeds 2.5 lakhs. Also, if the premium is payable for more than one ULIPs issued on or after 1 February 2021, exemption shall be available only if aggregate premium does not exceed 2.5 lakhs.

- However, the amount received on death shall continue to remain exempt without any limit on the annual premium.

- Further, in order to provide parity, the non-exempt ULIP shall be considered a capital asset and concessional capital gains taxation regime will be applicable in the same manner as available to the unit of equity oriented mutual fund.

[Section 10(10D), 45(1B), 111A and 112A w.e.f. AY 2021-22]

Raising prescribed limit for exemption to specified hospitals and institutions

- The income of specified hospitals and institutions whose annual receipts are upto Rs 1 crore are eligible for exemption under section 10(23C).

- It is proposed to increase the threshold limit of exemption from Rs 1 crore to Rs 5 crores.

[Section 10(23C) w.e.f. AY 2022 -23]

Rationalization of the provision of charitable trust and institutions to eliminate possibility of double deduction

- It is noticed that in certain cases, charitable trusts / institutions / any university / other educational institutions / hospital / medical institution are claiming double benefits such as by claiming corpus donation as exempt and also claiming utilization of corpus donation as application of 85% of the non-corpus income. In order to avoid such double claims, it is now provided that:

- Voluntary contributions made with a specific direction that it shall form part of the corpus shall be invested or deposited in one or more of the forms or modes specified in sub-section (5) of section 11 maintained specifically for such corpus.

- Application out of corpus shall not be considered as application for charitable or religious purposes for the purposes of third proviso of clause (23C) and clauses (a) and (b) of section 11. However, when it is invested or deposited back, into one or more of the forms or modes specified in sub-section (5) of section 11 maintained specifically for such corpus from the income of the previous year, such amount shall be allowed as application in the previous year in which it is deposited back to corpus to the extent of such deposit or investment

- Application from loans and borrowings shall not be considered as application for charitable or religious purposes for the purposes of third proviso of clause (23C) and clauses (a) and (b) of section 11. However, when loan or borrowing is repaid from the income of the previous year, such repayment shall be allowed as application in the previous year in which it is repaid to the extent of such repayment

- It is proposed to clarify in both clause (23C) of section 10 and section 11 that for the computation of income required to be applied or accumulated during the previous year, no set off or deduction or allowance of any excess application, of any of the year preceding the previous year, shall be allowed

[Section 10 and Section 11 w.e.f. AY 2022 -23]

Tax incentives for units located in International Financial Services Centre (IFSC)

In order to promote IFSC, it is proposed to provide, inter alia, the following tax incentives:

- Relaxation in provisions of section 9A dealing with “significant economic presence” for eligible investment fund or its eligible fund manager located in IFSC.

- Exemption to income of an investment division of an offshore banking unit of IFSC, computed in a prescribed manner.

- Exemption to income of a non-resident as a result of transfer of non-deliverable forward contracts entered into with an offshore banking unit of IFSC which has commenced operations on or before 31 March 2024.

- Exemption to income by way of royalty on account of lease of aircraft paid by a eligible unit of IFSC claiming deduction under section 80LA and has commenced operations on or before 31 March 2024.

- Tax incentive for re-location of foreign funds in IFSC.

- 100% deduction in respect of income arising to a unit which has leased aircraft or aircraft engine on transfer to a domestic company engaged in the business of operation of aircraft, subject to that the unit has commenced operations on or before 31 March 2024.

[Section 9A, Section 10, Section 47, Section 49, Section 56, Section 79 and Section 115AD w.e.f. AY 2022-23]

Incentives for affordable rental housing

- Under the provisions of section 80-IBA, projects approved by competent authority after 1 June 2016 but on or before 31 March 2021 were allowed deduction equivalent to 100% of the profits derived from the business of developing and building of affordable housing projects. It is proposed to extend the outer time limit to on or before 31 March 2022.

- It is further proposed to extend similar deduction under section 80-IBA, to even rental housing projects notified by the Central Government.

[Section 80-IBA w.e.f. AY 2022-23]

Extension of date of sanction of loan for affordable residential house property

- Under the provisions of section 80EEA, a deduction could be claimed in respect of interest paid on loan taken for a residential house property from an financial institution upto a sum of Rs. 1,50,000 subject to fulfillment of conditions and where the loan has been sanctioned between 1 April 2019 and 31 March 2021. It has been proposed to extend the said outer date of sanction to 31 March 2022.

[Section 80EEAA w.e.f. AY 2022-23]

Extension of date of incorporation for eligible start up for exemption and for investment in eligible start-up

- In order, to incentivize setting-up of more start-ups in the country, it is proposed to extend the period of incorporation to claim tax holiday under section 80-IAC for the start-ups by one more year to 31 March 2022.

- Further, the outer date for claiming exemption under section 54GB from capital gain tax on transfer of residential property by investment in shares of an eligible start-up has been extended to 31 March 2022.

[Section 80IAC and Section 54GB w.e.f. AY 2021-22]

F. Taxation under section 115JB

Rationalization of provisions of Minimum Alternate Tax (MAT)

- In respect of past year income included in the books of account on account of secondary adjustment under section 92CE or on account of Advance Pricing Agreement (APA) entered under Section 92CC, the assessing officer, on application being made by the assessee, shall re-compute the book profit and tax payable of past years, in a prescribed manner.

- The provisions of section 154 shall apply in this respect for re-computation. The period of 4 years shall be calculated from the end of the financial year in which the application is made.

- Explanation 1 to section 115JB provides that the amount of income in the nature of capital gains, interest, royalty or fee for technical services accruing or arising to an assessee, being a foreign company, will be reduced from the book profit, if such income is credited to the statement of profit and loss and tax on such income is at a beneficial rate viz the MAT rate. Further, such assessee will be required to increase book profit by the amount of expenses relatable to such income. It is proposed to amend the said clause (fb) and clause (iid), occurring in Explanation 1, so as to provide similar relief to dividend as already there for capital gains, interest, royalty and fee for technical services as provided in these clauses.

[Section 115JB w.e.f. AY 2021 -22]

G. Filing Return of Income & Other Compliances

Rationalization of provisions relating to tax audit in certain cases

- In certain cases, the threshold limit of sale / turnover / gross receipts from business for tax audit was Rs 5 crore, if following conditions are satisfied:

  - Aggregate of all receipts in cash during the previous year does not exceed 5% of such receipts; and

  - Aggregate of all payments in cash during the previous year does not exceed 5% of such payments.

- The threshold limit is proposed to be increased to Rs 10 crores.

[Section 44AB w.e.f. AY 2021 -22]

Rationalization of the provision of presumptive taxation for professionals

- Under the existing provisions, section 44ADA is applicable to any resident person engaged in a profession referred to in section 44AA(1) and whose total gross receipts do not exceed fifty lakh rupees in a previous year.

- It is proposed to amend the provisions of section 44ADA to provide that the section shall apply only to Individual, HUF or Partnership Firm, not being an LLP. The other conditions remain unchanged.

[Section 44ADA w.e.f. 1 April 2021]

Mismatch in Taxation of Income from notified overseas retirementfund

- In order, to address the mismatch and remove the genuine hardship with respect to taxation of withdrawal of retirement funds by residents who had opened such funds when they were non-residents in India, it is proposed to insert new section 89A to provide that income from such specified account shall be taxed in the manner and in the year prescribed by Central Government.

[Section 89A w.e.f. AY 2022 -23]

Relaxation from filing return of income tax (applicable to senior citizen)

- As per section 139(1), every person whose, total income exceeds the basic exemption limit is required to file return of income. In order, to provide relief to senior citizen of the age of 75 years and above, proposal to provide relaxation in filing return of income is provided, if the following conditions are satisfied:

  - The senior citizen is resident in India;

  - The senior citizen has pension income. In addition, the senior citizen may also have interest income from the same bank in which the senior citizen is receiving pension income;

  - This bank is a specified bank. The Government will be notifying a few banks, which are banking company, to be the specified bank; and

  - The senior citizen shall be required to furnish a declaration to the specified bank. The declaration shall be containing such particulars, in such form and verified in such manner, as may be prescribed.

- Once declaration is filed, bank would be required to compute income after giving effect to deduction under Chapter VI-A and rebate allowable under Section 87A.

[Section 139(1) w.e.f. AY 2021 -22]

Extending due date for filing return of income in some cases

- In case of a firm, which is required to furnish report from an accountant for entering into international transaction or specified domestic transaction, as per section 92E, the due date for filing of original return of income is the 30 November of the assessment year. Since the total income of such partner can be determined after the books of accounts of such firm have been finalised, it is proposed that the due date of such partner be extended to 30 November of the assessment year.

- Under the existing provisions, revised return under section 139(4) and belated return under Section 139(5) could be filed before the end of the assessment year or before completion of assessment, whichever is earlier. It is proposed to reduce the time limit by 3 months.

[Section 139 w.e.f. AY 2021 -22]

H. Provisions related to TDS, TCS and Advance Tax

Exemption of Deduction of Tax at source

- As per existing provision, no TDS is applicable in case of dividend payment to insurance companies or insurers. It is now proposed to amend the second proviso of the section, to provide that the section should also not apply to such income credited or paid, to a business trust by a special purpose vehicle or payment of dividend to any other person as may be notified.

[Section 194 w.e.f. AY 2020 -21]

TDS on purchase of goods

- Payment of any sum to any resident, whose total sales, gross receipts or turnover in the preceding financial year exceed Rs 10 crores, for purchase of goods will be liable for TDS @ 0.1%.

- The provision of this section shall not apply to:

  - a transaction on which tax is deductible under any provision ; and

  - a transaction, on which tax is collectible under the provisions of section 206C other than transaction to which sub-section (1H) of section 206C applies.

- Where PAN is not furnished by the deductee, the rate of TDS shall be 5%

[Section 194Q w.e.f.1 July 2021]

Rationalization of provision concerning withholding on payments made to FIIs

- It is proposed to insert a new proviso to subsection (1) to provide that, in case of a payee to whom agreement referred to in sub-section (1) of section 90 or sub-section 1 of section 90A applies and has furnished tax residency certificate, then tax on income of FIIs from securities as referred in section 115AD(1)(a), shall be deducted at the rate of 20% or at the rate specified in such agreement, whichever is lower.

[Section 196D w.e.f. AY 2021 -22]

TDS on non-filer of return of income at higher rates

- Under the existing provisions of section 206AA, a higher rate of TDS would apply where PAN is not furnished to the deductor. It has now been proposed to insert section 206AB to provide that TDS on specified person would be applicable at the higher of the following rates:

  - twice the rate specified in the relevant provision; or

  - twice the rate or rates in force; or

  - the rate of five per cent

- The provisions of this newly introduced section would not apply where tax is required to be deducted under Sections 192, 192A, 194B, 194BB, 194LBC or 194N.

- Where an assessee is non-compliant of provisions of section 206AA and 206AB, the TDS rates will be higher of the two rates provided in the said sections.

[Section 206AB w.e.f.1 July 2021]

TCS on non-filer of return of income at higher rates

- Under the existing provisions of section 206CC, a higher rate of TCS would apply where PAN is not furnished to the collector. It has now been proposed to insert section 206CCA to provide that TCS on sum received by a specified person would be applicable at the higher of the following rates:

  - twice the rate specified in the relevant provision; or

  - the rate of five per cent

- Where an assessee is non-compliant of provisions of section 206CC and 206CCA, the TCS rates will be higher of the two rates provided in the said sections.

- "specified person" is a person who has not filed the returns of income for both of the two assessment years relevant to the two previous years which are immediately before the previous year in which tax is required to be deducted or collected, as the case may be. Further, the time limit for filing tax return under sub-section (1) of section 139 has expired for both these assessment years. There is another condition that 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. Specified person shall not include a non-resident who does not have a permanent establishment in India

[Section 206CCA w.e.f.1 July 2021]

Advance Tax installment for dividend income

- It is proposed that interest under section 234C will not be applicable in case where shortfall in advance tax installment is on account of income from dividend, other than dividend as specified in section 2(22)(e).

[Section 234C w.e.f. AY 2021 -22]

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I. Assessment, Appellate & Other Administrative Measures

Reduction in time limit for completing assessment

- The time limit for completing the assessment proceedings under Section 143 or Section 144 was reduced to 18 months for AY 2018-19 and 12 months for AY 2019-20 and subsequent years. The assessment procedure has been completely overhauled by the introduction of the Faceless Assessment Scheme, 2019.

- In order to bring certainty in income tax proceedings at the earliest, it is proposed to reduce the time limit for assessment by further three months for AY 2021-22 and subsequent assessment years.

[Section 153 w.e.f. AY 2021-22]

Rationalization of the provision relating to processing of returned income and issuance of notice under section 143(2)

- Under the existing provisions of section 143(1), the total income or loss shall be computed after making the adjustments specified in clauses (i) to (vi) therein.

- It is proposed to amend the following provisions of section 143(1):

  - Amend sub-clause (iv) of clause (a) of sub-section (1) of the section 143, to allow for the adjustment on account of increase in income indicated in the audit report but not taken into account in computing the total income.

  - Amend sub-clause (v) of clause (a) of sub-section (1) of the section 143, so as to give consequential effect to amendment carried out in section 80AC [certain deductions not to be allowed unless return is furnished on or before due date].

  - Amend the provisions of section 143 to reduce the time limit for sending intimation under sub-section (1) of section 143 from one year to nine months from the end of the financial year in which the return was furnished.

- It is also proposed to reduce time limit for issue of notice under section 143(2) from six months to three months from the end of the financial year in which the return is furnished.

[Section 143 w.e.f. AY 2021-22]

Search Assessments / Reassessments

- The provisions of Section 153A and 153C, applicable to search cases will be applicable only if the search or requisition is initiated on or before 31 March 2021. After the notified date, the cases will be covered under a new procedure.

- In search, survey or requisition cases initiated or made or conducted on or after 1 April 2021, it shall be deemed that the Assessing Officer has information which suggests that the income chargeable to tax has escaped assessment

- In order to reduce the compliance burden, the re-opening of assessment is reduced to 3 assessment years immediately preceding the assessment year relevant to previous year in which search is initiated or requisition is made.

- A new Section 148A, is inserted to propose that before issuance of notice for reopening, the Assessing Officer shall conduct enquiries and provide opportunity of being heard to the assessee. After considering the reply, the Assessing Officer shall decide, by passing an order whether the case is fit to be reopened.

- Section 149 provides for the time limit for issuance of notice under section 148 which is proposed to be amended to provide as under :

  – In normal cases, no notice shall be issued beyond three years

  – In specific cases where the Assessing Officer has in his possession evidence which reveals income escaping assessment, represented in the form of assets, amounts to or likely to amount to Rs. 50 lakhs or more, re-opening can be done beyond three years but not beyond ten years from the end of relevant assessment year

[Section 148, 149, 153A and 153C and insertion of Section 148A w.e.f. AY 2021-22]

Discontinuance of Income tax Settlement Commission (ITSC)

- ITSC shall cease to operate on or after 1 February 2021. For all pending application, an Interim Board will be constituted which will deal with the said applications in a manner as specified in the scheme to be notified by the Central Government.

- On or from 1 February, 2021, the provisions related to the exercise of powers or performance of functions by the ITSC shall apply to the Interim Board. The assessee whose application is pending, may at his option, withdraw such application within three months from the date of commencement of Finance Act, 2021.

- Where the option of withdrawal is not exercised within the time allowed, it shall be deemed to be received by the Interim Board.

- Where the assessee exercises the option to withdraw his application, the income tax authority shall not be entitled to use the material and other information produced by the assessee. before the ITSC.

[Section 245B to Section 245D w.e.f. 1 February 2021]

Constitution of Dispute Resolution Committee for small and medium taxpayers

- In order to provide early tax certainty to small and medium taxpayers, it is proposed to constitute a Dispute Resolution Committee, which will settle disputes of a specified person with a taxable income upto Rs. 50 lakhs and the disputed income upto Rs. 10 lakhs through a faceless mechanism.

- However, the following disputes would be excluded from the purview:

  a) If the specified order is based on search initiated under section 132, requisition made under section 132A, survey initiated under section 133A or information received under an agreement referred to in section 90 or 90A.

  b) If there is detention, prosecution or conviction under various laws.

The Board will further prescribe other conditions for the eligibility of the provisions of the Section in due course.

[Section 245MA w.e.f. AY 2021-22]

Constitution of the Board for Advance Ruling

- In order to expedite the disposal of cases, it is proposed to replace the Authority for Advance Rulings with a Board of Advance Rulings. The advance rulings of such Board shall not be binding on the applicant or the Department. If aggrieved, the applicant or the Department may appeal against the ruling or the order passed by the Board before the High Court within 60 days from date of communication of such ruling.

[Section 245N, 245O, 245-OB, 245P, 245Q, 245R, 245S, 245T, 245U, 245V, 245W w.e.f. AY 2021-22]

Faceless proceedings before Income tax Appellate Tribunal (ITAT)

- In order to provide transparent tax appellate mechanism, it is proposed to the make the Income Tax Appellate Tribunal faceless and jurisdiction-less. A National Faceless Income-tax Appellate Tribunal Centre shall be established and all the communication between the Tribunal and the appellant shall be made electronically. Wherever personal hearing is needed, it shall be done through video-conferencing.

[Section 255 w.e.f. AY 2021-22]

Provisional attachment in Fake Invoice cases

- Under the existing provisions in cases of assessment or reassessment, the Assessing Officer may provisionally attach any property of the assessee, if necessary, with prior approval of PCCIT, PDGIT, CCIT, DGIT, PCIT, PDIT, CIT, DIT.

- It is proposed to extend the provisions of this section to proceedings for imposition of penalty under

section 271AAD (Imposition of penalty on a person or a person who causes such person to make a false entry or omit an entry from his books of accounts), if the amount or aggregate of amounts of penalty imposable is likely to exceed two crore rupees.

[Section 281B w.e.f. AY 2021-22]

J. Others

Clarification regarding the scope of Vivad se Vishwas Act, 2020

- The settlement provisions provide for an alternate mechanism to a taxpayer who chooses to exit the regular process of assessment which would have resulted into determination of tax liability and instead approached the Income Tax Settlement Commission (ITSC) for settlement of his case under Chapter XIX-A of the Income-tax Act.

- As the VsV was enacted for the resolution of disputed tax and not for the taxes covered by an order in pursuance to the settlement of a case under Chapter XIX-A of the Income-tax Act, such cases as are covered by Chapter XIX-A of the Income-tax Act (whether they have attained finality or not) have always been, therefore, intended to be outside the purview of VsV.

[Applicable retrospectively from 17 March 2020]

Income Declaration Scheme (IDS) amendment

- Under the existing provision, a proviso was inserted specifying the class of person to whom taxes paid under the scheme in excess shall be refundable. It is now proposed to amend the proviso of section 191 of Finance Act, 2016 so as to provide that no interest shall be payable on the excess amount of tax, surcharge or penalty paid in pursuance of a declaration made under the scheme.

[Section 191 of Finance Act, w.r.e.f. 1 June, 2016]

Rationalization of the provisions of Equalization Levy

- Equalization levy is to be levied at the rate of 2 percent on the amount of consideration received or receivable by an e-commerce operator from e-commerce supply or services made or provided or facilitated by it.

- In order to provide certainty, it is clarified that consideration for e-commerce supply or service would include consideration for sale of goods, provision of services irrespective of whether e-commerce operator owns the goods or whether the service is facilitated by the e-commerce operator. It shall, however, exclude consideration which are taxable as royalty or fees for technical services.

- Further, it has been clarified that “online sale of goods” and “online provisions of services” would include one or more of the following activities taking place online:

  (a) acceptance of offer for sale; or

  (b) placing of purchase order; or

(c) acceptance of the purchase order; or

(d) payment of consideration; or

(e) supply of goods or provision of services, partly or wholly;';

[Section 10(50) and section 163, 164(cb) and 165A of Finance Act, 2016 w.e.f. AY 2020-21]

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INDIRECT TAXES

Goods & Services Tax

Definition of Supply

- A new clause is inserted in the definition of Supply to clarify retrospectively w.e.f. 1-Jul-2017 that activities or transactions between an association of person / body of individuals such as societies or clubs and its members will be treated as supply and thus chargeable to GST.

Input Tax Credits

- A new clause is inserted in Section 16 to provide specifically that ITC is to be taken only if invoices / debit notes have been updated by the suppliers and appearing in GSTR 2A of the recipient.

GST Audit / Certification

- Section 35 & 44 has been amended to remove the requirement of mandatory certification of reconciliation statement in Form GSTR 9C. It is now provided that self-certified reconciliation statement can also be submitted along with annual return. The provision will come in to effect from a later date.

Interest Liability

- Section 50 has been amended retrospectively w.e.f. 1-Jul-2017 to clarify that interest is payable only on the liability which has been paid through electronic cash ledger, in case of delayed filing of GSTR 3B. However, this relaxation is not applicable when returns are filed after commencement of proceedings under Section 73 / 74 i.e. after departmental investigation / scrutiny.

Demand & Recovery Provisions

- Section 73 & 74 has been amended to omit the reference of Section 129 & 130 i.e. seizure & confiscation of goods / vehicles during transit has been made a separate proceeding. Consequently, conclusion of proceeding under Section 73 / 74 shall not result in conclusion of proceedings under Section 129 & 130.

- An explanation is inserted in Section 75 (12) to clarify that recovery actions can be initiated for tax payable declared in GSTR 1 for which GSTR 3B has not been filed.

- Section 83 has been amended to provide that properties including bank account can be attached immediately after initiation of any proceeding, to protect interest of revenue.

- For releasing the goods / conveyances detained under Section 129, penalty has been increased to 200% from 100% of tax amount. However, payment of tax is also removed as pre-condition to release the goods / conveyance which can now be paid through monthly GST returns.

- It is also being provided in Section 129 (3) that proper officer shall issue notice within 7 days from the date of such detention / seizure and thereafter shall pass order within 7 days from the date of notice, for payment of penalty to release the goods / conveyance.

Goods & Services Tax

- It is further provided that if the above penalty amount is not paid within 15 days from date of order, then the proper officer shall sell / dispose-off the goods / conveyance. However, conveyance can be released by the transporter on payment of above penalty or Rs. 1 lakh, whichever is less.

- Section 107 has been amended to provide no appeal can be filed against the order passed under Section 129 (3) unless 25% of the penalty is pre-deposited by the appellant.

Zero Rated Supplies

- Section 16 of Integrated GST Act has been amended to provide the following –

  - Supply of goods or services to SEZ will qualify for zero rating only if it is for authorized operations of SEZ.

  - For export of goods under bond or letter of undertaking, refund of ITC claimed will have to be paid back along with interest if sale proceeds are not realised within the time limit prescribed under FEMA Act, 1999.

  - For export of goods or services with payment of IGST, government may specify the specific class of persons or specific class of goods / services which will be eligible for such refund of IGST.

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Customs

Amendments in the Customs Act, 1962

General

- Definition of “common portal” inserted in Section 2 of the Customs Act, 1962, namely “common portal” means the Common Customs Electronic Portal referred to in Section 154C.

- Section 5(3) of the Customs Act which prescribes power of the Customs Officer, is now broadened to cover Section 110(1D) along with Chapter XV, Section 108.

- Sub section 4A inserted in Section 25, namely: Where any exemption is granted subject to any condition under sub-section (1), such exemption shall, unless otherwise specified or varied or rescinded, be valid up to March 31, falling immediately after two years from the date of such grant or variation

Time limit for completion of certain actions

- A new Section 28BB is being introduced prescribing a two year time-limit, further extendable by one year by the Commissioner, for completion of any proceedings which could culminate in issuance of notice under Section 28 of the Customs Act, 1962

Time limit for filing Bill of Entry

- Section 46(3) is amended as to mandate the filing of Bill of Entry before the end of the day preceding the day (including holidays) of arrival of goods

- A new provision is introduced giving power to the Board to notify the time period for presenting bill of entry in certain cases as it may deem fit

Seizure of goods, documents and other things

- Revision in the procedure of pre-trial disposal of seized gold. Commissioner (Appeals) having jurisdiction, to certify the correctness of inventory of the seized goods and carry out other procedures before the disposal of gold in the manner as determined by the Central Government.

Confiscation of goods attempted to be improperly exported

- Section 113 of Customs Act, 1962 is being amended by way of insertion of new sub-section (ja) in order to provide for confiscation of goods entered for exportation under a claim of remission or refund of any duty or tax or levy, so as to make a wrongful claim in contravention of the provisions of the Customs Act, 1962 or any other law for time being in force.

Penalty for fraudulent utilization of input tax credit for claiming refund

- New Section 114AC is being inserted in Customs Act, 1962 to prescribe penalty in specific case where any person has obtained any invoice by fraud, collusion, willful misstatement or suppression of facts to utilize input tax credit on the basis of such invoice for discharging any duty or tax on goods that are entered for exportation under claim of refund of any duty or tax.

- The person shall be liable for penalty not exceeding five times the refund claimed.

- For the purpose of Section 114AC, the expression 'input tax credit' shall have the same meaning assigned to it in Section 2(63) of CGST Act, 2017.

Presumptions as to documents in certain cases

- Explanation of the term 'document' as provided under Section 139 of the Customs Act, 1962 is being amended and scope is widened to include inventories, photographs and lists certified by the Commissioner (Appeals) under new sub-section (1D) of Section 110 of the Customs Act, 1962.

Amendment of documents

- Section 149 of the Customs Act, 1962 is being amended by way of insertion of provisos:

  - Second proviso is being proposed to be introduced which would now allow amendments to bill of entry or shipping bill or bill of export to be done through customs automated system on the basis of risk evaluation through appropriate selection criteria.

  - Third proviso is proposed to be introduced to provide that certain amendments as specified by the Central Board of Indirect Taxes and Customs ('CBIC') can be carried out by the importer or exported on the common portal.

Modes for service of notice, order etc.

- Section 153 of Customs Act, 1962 is being amended to provide for service of order, summons, notices, etc. by making it available on the common portal. Hence, same shall be now available on common portal.

Common Customs Electronic Portal

- New Section 154C is being inserted for notifying common portal for the following purposes:
  - facilitating registration, filing of bills of entry, shipping bills, any other document or form prescribed under this act or under any other law for the time being in force or the rules and regulations made thereunder,
  - payment of duty and for carrying out such other functions and for such purposes as may be specified

[All the above amendments to be effective from date of enactment of Finance Bill, 2021]

Amendments in the Customs Tariff Act, 1975

Power of Central Government to apply Safeguard measures.

- Explanation to sub-section (6) of Section 8B of Customs Tariff Act is being amended. Prior to amendment the expression "hundred-per cent export-oriented undertaking" and "special economic zone" had the same meaning as assigned to them in Explanation 2 to Section 3(1) of Central Excise Act, 1944.

- It is now being proposed that the expression "hundred-per cent export-oriented undertaking" shall have the same meaning as assigned in Explanation 2 to Section 3(1) of Central Excise Act, 1944. Whereas, for the purpose of understanding the expression "special-economic zone", clause (za) of Section 2 of Special Economic Zones Act, 2005 shall be referred.

[Date of enactment of Finance Bill, 2021]

Amendment in Countervailing Duty and Anti-dumping Duty (Section 9&9A)

- Section 9 & 9A of the Customs Tariff Act has been amended specifying that when 'countervailing & anti-dumping duty' respectively is revoked temporarily, such revocation shall be for a period *not exceeding one year at a time* and to provide for imposing CVD & ADD on review for period *not exceeding 5 years at a time*. Also, aligning countervailing & anti-dumping duty provisions with those in safeguard measures in respect of levy on goods cleared from EOU and SEZ into Domestic Tariff Area, provisions for anti-absorption, retrospective levy in anti-circumvention cases has been included.

[Date of enactment of Finance Bill, 2021]

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Amendments in the First Schedule to the Customs Tariff Act, 1975

A. Tariff changes for Basic Customs Duty [to be effective from Feb 02, 2021]

Sr. No.	Heading, sub-heading tariff item	Commodity	Rate of Duty	
			From	To
1	2803 00 10	Carbon Black	5%	7.5%
2	3925	Builder's ware of Plastics	10%	15%
3	7104	Cut and Polished Synthetic stones, including Cut and Polished Cubic Zirconia	10%	15%
4	8414 30 00	Compressors of any kind used in refrigerating equipment	12.5%	15%
5	8414 80 11	Compressors of a kind used in air-conditioning equipment	12.5%	15%
6	8504 90 90	Printed Circuit Board Assembly [PCBA] of charger or adapter	10%	15%
7	7007	Safety glass, consisting of toughened (tempered) or laminated glass	10%	15%
8	8512 90 00	Parts of Electrical lighting and signaling equipment, windscreen wipers, defrosters and demisters, of a kind used for cycles or motor vehicles	10%	15%
9	8544 30 00	Ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	10%	15%
10	9104 00 00	Instrument Panel Clocks and Clocks of a similar type for vehicles, Aircraft, Spacecraft or Vessels	10%	15%
11	2207 20 00	Denatured Ethyl Alcohol (ethanol) for use in manufacture of excisable goods	2.5%	5%
12	23	All goods except dog and cat food and shrimp larvae feed	All rates	15%
13	2528	Natural borates and concentrates thereof	Nil/5%	2.5%
14	2710	Naphtha	4%	2.5%
15	2907 23 00	Bis-phenol A	Nil	7.5%
16	2910 30 00	Epichlorohydrin	2.5%	7.5%

Sr. No.	Heading, sub-heading tariff item	Commodity	Rate of Duty	
			From	To
17	2933 71 00	Caprolactam	7.5%	5%
18	3907 40 00	Polycarbonates	5%	7.5%
19	3908	Nylon chips	7.5%	5%
20	3920 99 99	Other plates, sheets, films, etc. of other plastics	10%	15%
21	41	Wet blue chrome tanned leather, crust leather, finished leather of all kinds, including splits and sides of the aforesaid	Nil	10%
22	5002	Raw Silk (not thrown)	10%	15%
23	5004, 5005, 5006	Silk yarn, yarn spun from silk waste (whether or not put up for retail sale)	10%	15%
24	5201	Raw Cotton	Nil	5% + 5% AIDC*
25	5202	Cotton waste (including yarn waste or garneted stock)	Nil	10%
26	5402, 5403, 5404, 5405 00 00, 5406, 5501 to 5510	Nylon Fibre and Yarn	7.5%	5%
27	7106	Silver	12.5.%	7.5%+ 2.5% AIDC*
28	7106	Silver Dore	11%	6.1% + 2.5% AIDC*
29	7108	Gold	12.5%	7.5%+ 2.5% AIDC*
30	7108	Gold Dore	11.85%	6.9%+ 2.5% AIDC*
31	7107 00 00, 7109 00 00, 7111 00 00	Base metals or precious metals clad with precious metals	12.5%	10%

Sr. No.	Heading, sub-heading tariff item	Commodity	Rate of Duty	
			From	To
32	7110	Other precious metals like Platinum, Palladium, etc.	12.5%	10%
33	7112	Waste and scrap of precious metals or metals clad with precious metals	12.5%	10%
34	7112	Spent catalyst or ash containing precious metals	11.85%	9.17%
35	7113	Gold or Silver Findings	20%	10%
36	7118	Coin	12.5%	10%
37	7204	Iron and steel scrap, including stainless steel scrap [up to 31.03.2022]	2.5%	Nil
38	7206 and 7207	Primary / Semi-finished products of non-alloy steel	10%	7.5%
39	7208, 7209, 7210, 7211, 7212, 7225 (except 7225 11 00) and 7226 (except 7226 11 00)	Flat products of non-alloy and alloy steel	10% /12.5%	7.5%
40	7213, 7214, 7215, 7216, 7217, 7221, 7222, 7223, 7227 and 7228	Long product of non-alloy, stainless and alloy steel	10%	7.5%
41	7225	Raw materials for use in manufacture of CRGO steel [up to 31.03.2023]	2.5%	Nil
42	7404	Copper Scrap	5%	2.5%
43	7318	Screw, bolts, nuts, etc. of iron and steel	10%	15%
44	8430	Tunnel boring machines	Nil	7.5%

Sr. No.	Heading, sub-heading tariff item	Commodity	Rate of Duty	
			From	To
45	8431	Parts and components for manufacture of tunnel boring machines with actual-user condition	Nil	2.5%
46	8544 (other than 8544 70 and 8544 30 00)	Specified insulated wires and cables	7.5%	10%
47	39, 74 and 85	Former, bases, bobbins, brackets; CP wires; P.B.T.; Phenol resin moulding powder; Lamination/ El silicon steel strips for use in manufacture of transformers (entry at S.No. 198 of 25/1999-Customs)	Nil	Applicable rate
48	Any Chapter	Inputs or parts for manufacture of Printed Circuit Board Assembly (PCBA) of cellular mobile phone (w.e.f. 1.4.2021)	Nil	2.5%
49	Any Chapter	Inputs or parts for manufacture of camera module of cellular mobile phone (w.e.f. 1.4.2021)	Nil	2.5%
50	Any Chapter	Inputs or parts for manufacture of connectors of cellular mobile phone (w.e.f. 1.4.2021)	Nil	2.5%
51	Any Chapter	Inputs or raw material for manufacture of specified parts like back cover, side keys etc. of cellular mobile phone (w.e.f. 1.4.2021)	Nil	2.5%

Sr. No.	Heading, sub-heading tariff item	Commodity	Rate of Duty	
			From	To
52	Any Chapter	Inputs or raw material (other than PCBA and moulded plastics) for manufacture of charger or adapter of cellular mobile phones	Nil	10%
53	8504 90 90 or 3926 90 99	Moulded plastics for manufacture of charger or adapter	10%	15%
54	Any Chapter	Inputs or parts of Printed Circuit Board Assembly of charger or adapter of cellular mobile phones	Nil	10%
55	Any Chapter	Inputs or parts of Moulded Plastic of charger or adapter of cellular mobile phones	Nil	10%
56	Any Chapter	Inputs or raw materials (other than Lithium-ion cell and PCBA) of Lithium-ion battery or battery pack (w.e.f. 1.4.2021)	Nil	2.5%
57	Any Chapter	Parts or components of PCBA of Lithium-ion battery or battery pack (w.e.f. 1.4.2021)	Nil	2.5%
58	Any Chapter	Inputs or raw materials of following goods: - (i) Other machines capable of connecting to an automatic data processing machine or to a network (8443 32 90) (ii) Ink cartridges, with print head assembly (8443 99 51) (iii) Ink cartridges, without print head assembly (8443 99 52) Ink spray nozzle (8443 99 53) (w.e.f 1.4.21)	Nil	2.5%

Sr. No.	Heading, sub-heading tariff item	Commodity	Rate of Duty	
			From	To
59	Any Chapter	Inputs and parts of LED lights or fixtures including LED Lamps	5%	10%
60	Any Chapter	Inputs for use in the manufacture of LED driver or MCPCB (Metal Core Printed Circuit Board) for LED lights or fixtures including LED Lamps	5%	10%
61	9405 50 40	Solar lanterns or solar lamps	5%	15%
62	8504 40	Solar Inverters	5%	20%
63	9503	Parts of electric toys for manufacture of electronic toys	5%	15%
64	Any Chapter	Components or parts, including engines, for manufacture of aircrafts or parts of such aircrafts, by Public Sector Units under Ministry of Defence subject to condition specified	2.5%	0%
65	9018-9022	Medical Devices imported by International Organization and Diplomatic Missions	Health Cess @ 5%	Health Cess @ Nil
66	9801	High Speed Rail Projects being brought under project imports	Applicable Rate	5%
67	87149100, 871492, 871593, 87149400, 871495, 87149600, 871499	All goods other than bicycle parts and components	10%	15%

**Agricultural Infrastructure and Development Cess*

B. Tariff Rate Changes (without any change in the effective rates of Basic Custom Duty)

Sr.No.	Heading, sub-heading tariff item	Commodity	Rate of Duty	
			From	To
1	8414 40	Air compressors mounted on a wheeled chassis for towing	7.5%	15%
2	8414 80 (except 8414 80 11)	Gas Compressors (other than of a kind used in air- conditioning equipment), free-piston generators for gas turbine, turbo charger and other compressors	7.5%	15%
3	8501 10 to 8501 53	Electric Motors	10%	15%
4	8536 41 00 and 8536 49 00	Relays	10%	15%
5	8537	Boards, panels, consoles, etc. for electric control or distribution of electricity	10%	15%
6	9031 80 00	Other instruments, appliances and machines	7.5%	15%
7	9032 89	Electronic automatic regulators and other controlling instruments or apparatus	10%	15%

New entries to be added under the heading 2709 in the Customs Tariff Act, 1975

Heading, sub-heading tariff item	Description of goods	Unit	Rate
2709 00 10	Petroleum crude	Kg.	5%
2709 00 20	Other	Kg.	5%

[Effective w.e.f. 1st April 2021]

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Amendments in the Customs Rules

Amendment to Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017 [IGCR Rules] [Notification No. 2/2021 – Customs dated 1 February 2021]

Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017 [IGCR Rules] are being amended to provide the following facilities:

- to allow job-work of the materials (except gold and jewellery and other precious metals) imported under concessional rate of duty
- to allow 100% out-sourcing for manufacture of goods on job-work
- to allow imported capital goods that have been used for the specified purpose to be cleared on payment of differential duty, along with interest, on the depreciated value. The depreciation norms would be the same as applied to EOUs, as per Foreign Trade Policy.

(Effective from 2 February 2021)

Other Miscellaneous Amendments

Project Import Scheme

- Notification No. 09/2021- Customs dated 1st February 2021 amends Notification No. 42/1996-Customs dated 23rd July 1996 in order to include High Speed Rail Projects in list of projects to which Project Import Scheme shall be applicable.

- National High Speed Rail Corporation Ltd. is being nominated as the "Sponsoring Authority" under Project Import Regulations, 1986 for approving the items required to be imported under the Project Imports Scheme for High-Speed Rail Projects [Notification No. 10/2021- Customs dated 1st February 2021].

[Effective from 2 February 2021]

Review of the Custom Duty concessions/exemptions :

- Notification No. 50/2017-Customs dated 30 June 2017 is amended by Notification No. 02/2021 dated 1 February 2021 to provide for withdrawal of BCD exemption earlier available on the below mentioned products shall not be available with effect the date as specified:

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Sr.No	Description/CTH	S. No of Notification No. 50/2017-Customs	Effective date of withdrawal of BCD exemption
1	Diphenylmethane 4, 4-diisocyanate (MDI) for use in the manufacture of spandex yarn	209	2 February 2021
2	Ink cartridges, ribbon assembly, ribbon gear assembly, ribbon gear carriage, for use in printers for computers	230	
3	71 items like wax items, wood polish materials, prints for photo frames, velvet fabric/paper, handles/blades for cutlery, jigat, wine tools etc.	229	1 April 2021
4	35 items like fasteners, zippers, shoulder pads, buckles, rivets, Velcro tape, toggles, stud, elastic cloth and band, bobbin, hooks, anglets etc.	311	
5	42 items like buckles, buttons, stamping foil, sewing thread, Loop rivets, Glove Liners, shoe laces, inlay cards etc.	312	
6	18 items like lace, Velcro tape, curtain hooks, Tassel, Beads, Sequins, sewing threads, poly wadding materials, quilted wadding materials etc.	313	

Conditions of observance of the Customs Rules, 2017

- Certain conditions as per the Notification No 50/2017 had been amended to prescribe condition for import of goods at concessional rate of duty.

[Effective from 2 February 2021]

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- **Custom duty exemptions prescribed in the following notifications are withdrawn and respective notifications are rescinded.**

S.No	Notification No.	Notification subject	Effective date of rescinding the notification
1	1/2011-Customs, dated the 6.1.2011	Exemption to all items of machinery, instruments, appliances, components or auxiliary equipment for initial setting up of solar power generation project or facility	2 February 2021
2	34/2017-Customs dated 30th June, 2017	This notification provided exemption to tags or labels (whether made of paper, cloth, or plastic), or printed bags (whether made of polyethene, polypropylene, PVC, high molecular or high density polyethene) imported for fixing on articles for export or for the packaging of such articles. Similar exemption exists at S. No.257 of notification No. 50/2017-Cus. These have been merged in the said S. No.257 and notification No 34/2017-Cus has been omitted	
3	75/2017 – Customs dated 13 September 2017	Exemption for goods imported for organizing FIFA Under-17 World Cup, 2017.	

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Levy of Agriculture Infrastructure and Development Cess (AIDC) on Import of certain items

Clause 115 of the Finance Bill, 2021 proposes to impose AIDC on import of specified goods w.e.f February 02, 2021. This list of items on which cess has been imposed and the applicable duty and AIDC on them would be as follows :

Sr. No.	Heading, sub-heading tariff item	Commodity	Basic customs duty	AIDC
1	0808 10 00	Apples	15%	35%
2	1511 10 00	Crude Palm Oil	15%	17.5%
3	1507 10 00	Crude Soya-bean oil	15%	20%
4	1512 11 10	Crude Sunflower seed oil	15%	20%
5	0713 10	Peas (Pisum sativum)	10%	40%
6	0713 20 10	Kabuli Chana	10%	30%
7	0713 20 20	Bengal Gram (desichana)	10%	50%
8	0713 20 90	Chick Peas (garbanzos)	10%	50%
9	0713 40 00	Lentils (Mosur)	10%	20%
10	2204	All goods (Wine)	50%	100%
11	2205	Vermouth and other wine of fresh grapes, flavored	50%	100%
12	2206	Other fermented beverages for example, Cider, Perry, Mead, sake, mixture of fermented beverages or fermented beverages and nonalcoholic beverages	50%	100%
13	2208	All goods (Brandy, Bourbon whiskey, Scotch etc.)	50%	100%
14	2701	Various types of coal	1%	1.5%
15	2702	Lignite, whether or not agglomerated	1%	1.5%
16	2703	Peat, whether or not agglomerated	1%	1.5%
17	3102 10 00	Urea	Nil	5%
18	3102 30 00	Ammonium nitrate	2.5%	5%

Sr. No.	Heading, sub-heading tariff item	Commodity	Basic customs duty	AIDC
19	31	Muriate of potash, for use as manure or for the production of complex fertilizers	Nil	5%
20	3105 30 00	Diammonium phosphate, for use as manure or for the production of complex fertilisers	Nil	5%
21	5201	Cotton(not carded or combed)	5%	5%
22	7106	Silver (including imports by eligible passengers)	7.5%	2.5%
23	7106	Silver Dore	6.1%	2.5%
24	7108	Gold (including imports by eligible passengers)	7.5%	2.5%
25	7108	Gold Dore	6.9%	2.5%

Social Welfare Cess [SWC] review

- As per Notification No 12/2021, effective rate of SWC of 3% on goods such as gold and silver is being rescinded.

  [Effective from 2 February 2021]

- Goods falling under the head 2515 11 and 2515 12 is added to the list of specified goods from the levy of SWC.

  [Effective from 2 February 2021]

- SWS is being exempted on the value of AIDC imposed on gold and silver. Accordingly, these items would attract SWS, at normal rate, only on value plus basic customs duty.

  [Effective from 2 February 2021]

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Other Miscellaneous changes pertaining to Anti-Dumping Duty (ADD)/ Countervailing Duty (CVD)/ Safeguard Measures

- With effect from July 01, 2021, Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 have been amended to provide that in review cases, final findings are to be issued by the designated authority at least three months prior to expiry of the *ADD* under review.

- Similarly, with effect from July 01, 2021, CVD rules have been amended to provide that, in review cases, the final findings are to be issued by the designated authority at least three months prior to expiry of the *CVD* under review.

- The ADD & CVD Rules are also amended to provide for provisional assessment in cases of anti-circumvention investigation.

- Consequent to the changes made earlier in section 8B of the Customs Tariff Act, the Safeguard Measure Rules, 1997 have been amended to provide the modalities of implementation of safeguard measure, along with technical modifications in detailed manner.

- Anti-Dumping duty & Countervailing duty are being temporarily revoked for the period commencing from 2.2.2021 till 30.09.2021, on imports of the following :

Product	Origin Country	Imposed vide Notification	Duty
Straight Length Bars and Rods of alloy-steel	China	No. 54/2018-Cus (ADD) dated 18.10.2018	ADD
High Speed Steel of Non-Cobalt Grade	Brazil, China & Germany	No. 38/2019-Cus (ADD) dated 25.09.2019	ADD
Flat rolled product of steel, plated or coated with alloy of Aluminium or Zinc	China, Vietnam & Korea RP	No. 16/2020-Cus (ADD) dated 23.06.2020	ADD
Certain Hot Rolled and Cold Rolled Stainless Steel Flat Products	China	No. 1/2017-Cus (CVD) dated 07.09.2017	CVD
Flat Products of Stainless Steel	Indonesia	No. 2/2020- Customs (CVD) dated 9.10.2020	Provisional CVD

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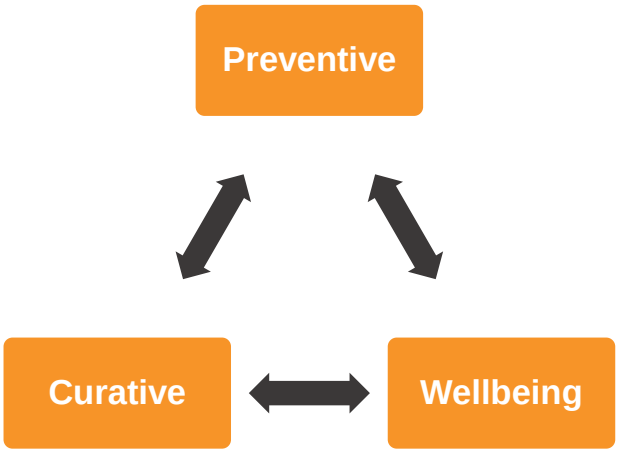
KEY FEATURES OF THE BUDGET

6 pillars of the Union Budget 2021-22

- Health and Wellbeing
- Physical & Financial Capital, and Infrastructure
- Inclusive Development for Aspirational India
- Reinvigorating Human Capital
- Innovation and R&D
- Minimum Government and Maximum Governance

Health and Wellbeing

Focus on strengthening three areas:



Health and Wellbeing outlay of Rs 2,23,846 crores in BE 2021-22 as against Rs 94,452 crores in BE 2020-21 – an increase of 137%

VACCINES

- Provision of Rs 35,000 crores for COVID-19 vaccine
- Pneumococcal Vaccine, a Made in India Product, will be rollout across the country which will avert 50,000 child deaths annually

PM AATMA NIRBHAR SWASTH BHARAT YOJANA

A new Centrally Sponsored Scheme with an outlay of about Rs 64,180 crores, over a period of 6 years.

Main Objective:

Support for 17,788 rural and 11,024 urban Health and Wellness Centres.

Setting up of:

- Integrated public health labs in all districts and 3382 block public health units in 11 states
- Critical care hospital blocks in 602 districts and 12 central institutions.
- 15 Health Emergency Operation Centres and 2 mobile hospital
- A national institution for One Health, a Regional Research Platform for WHO South East Asia Region, 9 Bio-Safety Level III laboratories and 4 regional National Institutes for Virology

Concurrent Objectives:

- Strengthening of the National Centre for Disease Control (NCDC), its 5 regional branches and 20 metropolitan health surveillance units
- Expansion of the Integrated Health Information Portal to all States/UTs to connect all public health labs
- Operationalisation of 17 new Public Health Units and strengthening of 33 existing Public Health Units at Points of Entry, that is at 32 Airports, 11 Seaports and 7 land crossings

Health and Wellbeing

NUTRITION

- Mission Poshan 2.0 to be launched for strengthening nutritional content, delivery, outreach and further planning to merge the Supplementary Nutrition Programme with the Poshan Abhiyan
- Intensified strategy to be adopted to improve nutritional outcomes across 112 aspirational districts.

UNIVERSAL COVERAGE OF WATER SUPPLY

- Jal Jeevan Mission (Urban) to be launched for achieving universal water supply
- It will be implemented over 5 years, with an outlay of Rs 2,87,000 crores
- Universal water supply targeted to all 4,378 Urban Local Bodies, which approximately targets 2.86 household tap connections

SWACHCH BHARAT, SWASTH BHARAT

Urban Swachh Bharat Mission 2.0 to be launched for achieving Swachch Bharat, Swasth Bharat.

Main Objectives:

- Complete faecal sludge management and waste-water treatment
- Source segregation of garbage
- Reduction in single-use plastic
- Reduction in air pollution by effectively managing waste from construction-and-demolition activities
- Bio-remediation of all legacy dump sites

CLEANER AIR

To tackle air pollution an amount of Rs 2,217 crores is provided for 42 urban centres with a million-plus population.

Scrapping Policy

- A voluntary vehicle scrapping policy to phase out old and unfit vehicles
- Fitness tests in automated fitness centers after 20 years in case of private vehicles and after 15 years in case of commercial vehicles

Physical and Financial Capital and Infrastructure

PRODUCTION LINKED INCENTIVE SCHEME (PLI)

- PLI schemes have been launched to create manufacturing global champions across 13 sectors with amount committed nearly Rs 1.97 lakh crores in next 5 years starting FY 2021-22
- To help manufacturing companies become an integral part of global supply chains, possess core competence and cutting-edge technology
- To also bring scale and size in key sectors along with providing job opportunities to the youth

TEXTILES

- Mega Investment Textiles Parks (MITRA) scheme to create world class infrastructure for global champions in textile sector leading to creation of 7 textile parks over 3 years.
- Industry to become globally competitive, attract large investments and boost employment generation & exports

INFRASTRUCTURE

National Infrastructure Pipeline (NIP) now expanded to 7,400 projects, which will require a major increase in funding both from government and the financial sector

Three steps are proposed to be undertaken to achieve this:

1. Creation of Institutional Structures through Infrastructure Financing
   - A Bill to set up a Development Financial Institution
   - With Provision of Rs 20,000 crores
2. Big Thrust on Monetizing Assets
   - Launch of a “National Monetization Pipeline”
3. Sharp Increase in Capital Budget
   - BE 2021-22 of Rs 5.54 lakh crores, which is 34.5% more than the BE of 2020-21

Below are some important measures:

a) National Highways Authority of India and PGCIL will sponsor one InvIT each for attracting international and domestic institutional investors

b) Railways to monetise Dedicated Freight Corridor assets for operations and maintenance, after its commissioning

c) The next lot of airports will be monetised for operations and management concession

Physical and Financial Capital and Infrastructure

ROADS AND HIGHWAYS INFRASTRUCTURE

Highest ever outlay of Rs 1,18,101 crores for Ministry of Road Transport and Highways

Following economic corridors being planned:

- 3,500 km of NH in Tamil Nadu at an investment of Rs 1.03 lakh crores, these include Madurai-Kollam corridor, Chittoor-Thatchur corridor
- 1,100 km of NH in Kerala at an investment of Rs 65,000 crores including 600 km section of Mumbai-Kanyakumari corridor in Kerala
- 675 km of NH in West Bengal at a cost of Rs 25,000 crores including upgradation of existing Kolkata – Siliguri road
- NH amounting to around Rs 19,000 crores are currently under progress in Assam. Further works of more than Rs 34,000 crores covering 1300 km of National Highways will be undertaken in next 3 years

RAILWAY INFRASTRUCTURE

- National Rail Plan for India : to create a 'future ready' Railway system by 2030
- Western Dedicated Freight Corridor (DFC) and Eastern DFC to be commissioned by June 2022, to bring down the logistic costs – enabling Make in India strategy
- 100% electrification of Broad-Gauge routes to be completed by December,2023

URBAN INFRASTRUCTURE

- A new scheme of Rs 1,000 crores for augmentation of public bus transport services, where the scheme intends to boost automobile sector, provide fillip to economic growth and create employment opportunities for the youth.
- Further, two new technologies 'MetroLite' and 'MetroNeo' to provide metro rail systems at much lesser cost with similar experience in Tier-2 cities and peripheral areas of Tier-1 cities.

POWER INFRASTRUCTURE

- A comprehensive National Hydrogen Energy Mission 2021-22 to be launched for generating hydrogen from green power sources.
- Reforms based result-linked power distribution sector scheme will be launched with an outlay of Rs 3,05,984 crores over 5 years.
- In past 6 years, 139 Giga Watts of installed capacity & 1.41 lakh circuit km of transmission lines have been added, connected an additional 2.8 crores households.

Physical and Financial Capital and Infrastructure

PORTS, SHIPPING, WATERWAYS

- A scheme to provide subsidy support to Indian shipping companies in global tenders floated by Ministries and CPSEs to promote flagging of merchant ships in India for Rs 1,624 crore will be provided over 5 years
- To also double the recycling capacity of around 4.5 Million Light Displacement Tonne (LDT) by 2024 along with generating an additional 1.5 lakh jobs

PETROLEUM & NATURAL GAS

- Extension of Ujjwala Scheme to cover 1 crore more beneficiaries and also to add 100 more districts to the City Gas Distribution network in next 3 years.
- An independent Gas Transport System Operator to be set up for facilitation and coordination of booking of common carrier capacity in all-natural gas pipelines on a non-discriminatory open access basis.

FINANCIAL CAPITAL

- A Single Securities Markets Code to be evolved by consolidating SEBI Act, 1992, Depositories Act, 1996, Securities Contracts (Regulation) Act, 1965 and Government Securities Act, 2007.
- Support for development of a world class Fin-Tech hub at the GIFT-IFSC
- A new permanent institutional framework to help in development of Bond market by purchasing investment grade debt securities both in stressed and normal times

COMPANY MATTERS

- To decriminalize the Limited Liability Partnership (LLP) Act, 2008
- Easing Compliance requirement of Small companies by revising their definition under Companies Act, 2013 by increasing their thresholds for Paid up capital from “not exceeding Rs 50 Lakh” to “not exceeding Rs 2 Crore” and turnover from “not exceeding Rs 2 Crore” to “not exceeding Rs 20 Cr”.
- Promoting start-ups and innovators by incentivizing the incorporation of One Person Companies (OPCs).

Physical and Financial Capital and Infrastructure

DISINVESTMENT AND STRATEGIC SALE

- Rs 1,75,000 crore estimated receipts from disinvestment in BE 2020-21
- Strategic disinvestment of BPCL, Air India, Shipping Corporation of India, Container Corporation of India, IDBI Bank, BEML, Pawan Hans, Neelachal Ispat Nigam Limited etc. to be completed in 2021-22.
- IPO of LIC in 2021-22
- New policy for Strategic Disinvestment approved
- NITI Aayog to work out on the next list of CPSEs to be taken up for strategic disinvestment
- Incentivizing States for disinvestment of their Public Sector Companies, using central funds
- Special Purpose Vehicle in the form of a company for monetization of idle land

OTHER KEY ANNOUNCEMENTS

- Increasing FDI limit in Insurance Sector from 49% to 74% and allowing foreign ownership and control with safeguards
- Stressed Asset Resolution through setting up Asset Reconstruction Company Limited and Asset Management Company
- Recapitalization of PSBs through further consolidating the financial capacity for Rs 20,000 crore in 2021-22
- Deposit Insurance amendments to the DICGC Act, 1961, to help depositors get an easy and time-bound access to their deposits to the extent of the deposit insurance cover

Inclusive Development for Aspirational India

AGRICULTURE

- Ensured Minimum Support Price (MSP) at minimum 1.5 times the cost of production across all commodities.
- SWAMITVA Scheme to be extended to all States/UTs
- 'Operation Green Scheme' to be extended to 22 perishable products
- Agricultural credit target enhanced to Rs 16.5 lakh crores in FY22 - animal husbandry, dairy, and fisheries to be the focus areas
- 1,000 more mandis to be integrated with e-NAM to bring transparency and competitiveness
- APMCs to get access to the Agriculture Infrastructure Funds for augmenting infrastructure facilities
- To double the Micro Irrigation Fund to Rs 10,000 crore

FISHERIES

- 5 major fishing harbours – Kochi, Chennai, Visakhapatnam, Paradip, and Petuaghat to be developed as hubs of economic activity
- Multipurpose Seaweed Park in Tamil Nadu to promote seaweed cultivation

MIGRANT WORKERS AND LABOURERS

- One Nation One Ration Card implementation underway; 32 States and UTs and Remaining 4 states to be integrated in next few months
- New Portal to collect information on unorganized labour force, migrant workers especially and to help formulate schemes for them
- Implementation of 4 labour codes underway
- Single registration and licensing, and online returns to reduce compliance burden on employers

FINANCIAL INCLUSION

- Stand Up India Scheme for SCs, STs and women, where margin money requirement reduced to 15% and to include loans for allied agricultural activities
- Rs 15,700 crore budget allocation to MSME Sector, which is more than double of BE 2020-21

Reinvigorating Human Capital

SCHOOL EDUCATION

- 100 new Sainik Schools in partnership with NGOs/private schools/states will be set up
- In more than 15,000 schools all components of National Education Policy will be implemented to make them exemplar schools in their regions

HIGHER EDUCATION

- Central University to come up in Leh for accessibility of higher education in Ladakh
- Legislation to be introduced to setup Higher Education Commission of India as an umbrella body with 4 separate vehicles for standard-setting, accreditation, regulation, and funding

SCHEDULED CASTES AND SCHEDULED TRIBES WELFARE

- 750 Eklavya model residential schools in tribal areas that focus on creation of robust infrastructure facilities for tribal students
- Revamped Post Matric Scholarship Scheme for welfare of SCs of Rs 35,219 crore enhanced Central Assistance for 6 years till 2025-2026 which should benefit 4 crore SC students

SKILLING

- Proposed amendment to Apprenticeship Act to enhance opportunities for youth
- Realignment of existing National Apprenticeship Training Scheme (NATS) towards post-education apprenticeship, training of graduates and diploma holders in Engineering for Rs 3000 crore
- An initiative is underway, in partnership with the UAE to benchmark skill qualifications, assessment, certification, and deployment of certified workforce
- To have a collaborative Training Inter Training Programme (TITP) between India and Japan to transfer Japanese industrial and vocational skills

Innovation and R&D

KEY ANNOUNCEMENTS FOR INNOVATION AND R&D

- Modalities of National Research Foundation announced in July 2019 of Rs 50,000 crores outlay over 5 years to strengthen overall research ecosystem with focus on national priority thrust areas
- Rs 1,500 crores for proposed scheme to promote digital modes of payment
- National Language Translation Mission (NTLM) to make governance-and-policy related knowledge available in major Indian languages
- PSLV-CS51 to be launched by New Space India Limited (NSIL) carrying Brazil's Amazonia Satellite and some Indian satellites
- As part of the Gaganyaan mission activities:
  - 4 Indian astronauts being trained on Generic Space Flight aspects, in Russia
  - First unmanned launch is slated for December 2021
  - Rs 4,000 crores over five years for Deep Ocean Mission survey exploration and conservation of deep sea biodiversity

Minimum Government, Maximum Governance

KEY ANNOUNCEMENTS FOR MINIMUM GOVERNMENT, MAXIMUM GOVERNANCE

- Measures being undertaken to bring reforms in Tribunals to ensure speedy justice
- National Commission for Allied Healthcare Professionals already introduced to ensure transparent and efficient regulation of the 56 allied healthcare professions
- The National Nursing and Midwifery Commission Bill introduced for the same in nursing profession
- Proposed Conciliation Mechanism with mandate for quick resolution of contractual disputes with CPSEs
- Rs 3,768 crores allocated for first digital census in the history of India
- Rs 300 crores grant to the Government of Goa for the diamond jubilee celebrations of the state's liberation from Portuguese
- Rs 1,000 crores for the welfare of Tea workers especially women and their children in Assam and West Bengal through a special scheme

Aatma Nirbhar Bharat Abhiyan

GOVERNMENT REFORMS

- Increase in borrowing limits of state governments
- Privatisation of Public Sector Enterprises

ENERGY

- Liquidity support for discoms
- Elimination of Regulatory Assets
- Commercial coal mining
- Reduction in cross-subsidy

MSMEs AND INDUSTRY

- Collateral free loans for businesses
- Fund of funds will be set up for MSMEs
- PM Garib Kalyan Yojana
- Subordinate debt for MSMEs
- Disallowing global tenders of up to Rs 200 crores
- Change in definition of MSMEs

MIGRANT WORKERS

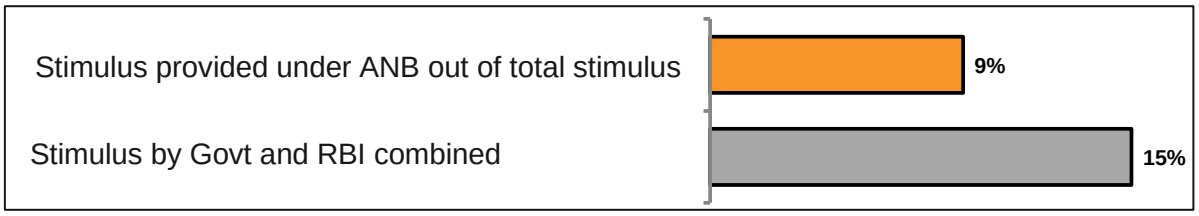
- One Nation One Card
- Free food grain Supply to migrants

SOCIAL SECTOR

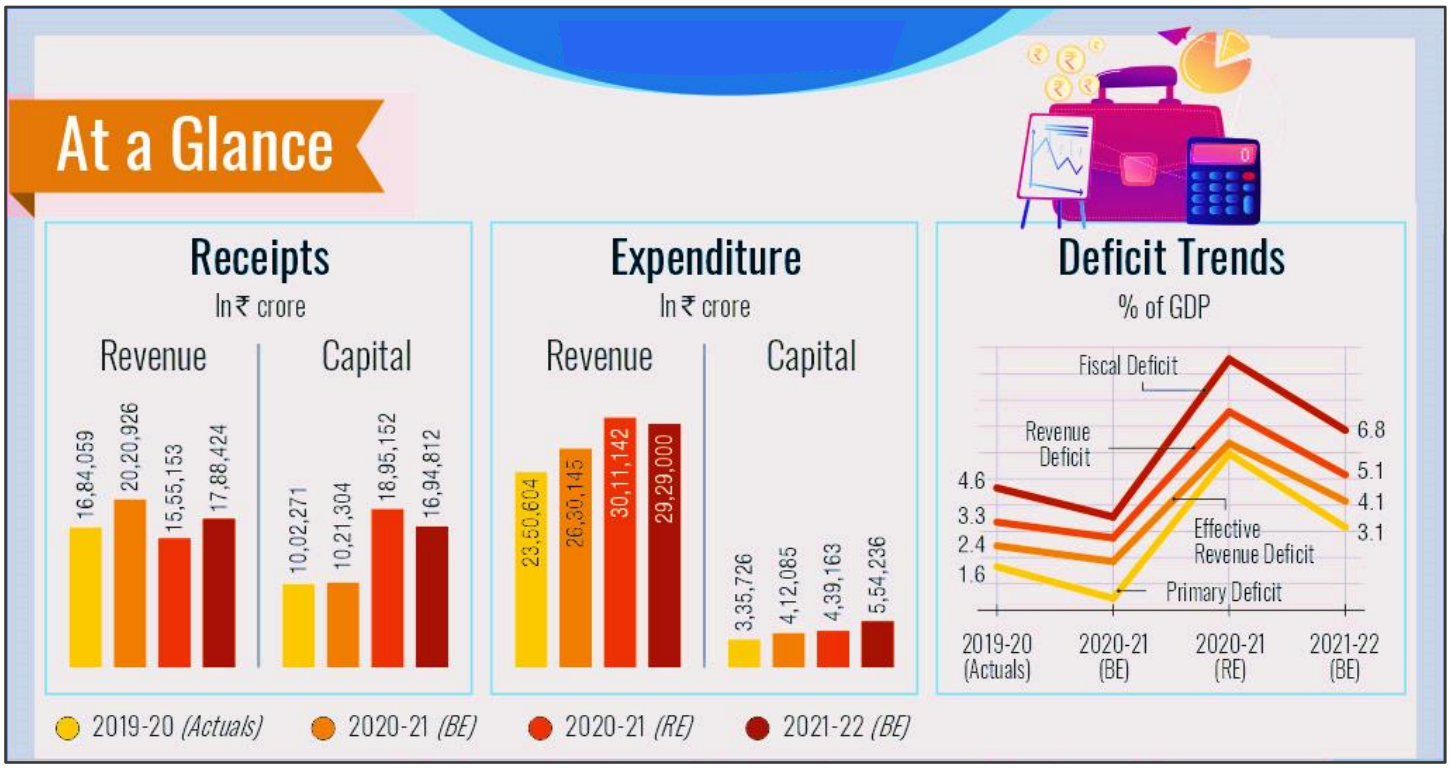
- National Digital Health Blueprint
- Additional Allocation for MGNREGS
- Technology driven education: PM e-Vidya, National Foundational Literacy and Numeracy Mission

AGRICULTURE AND ALLIED SECTORS

- Concessional Credit Boost to farmers
- Agri Infrastructure Fund
- Emergency working capital for farmers
- Animal Husbandry infrastructure development
- Amendments to the Essential Commodities Act
- Agriculture marketing reforms



Statistics of Union Budget 2021-22

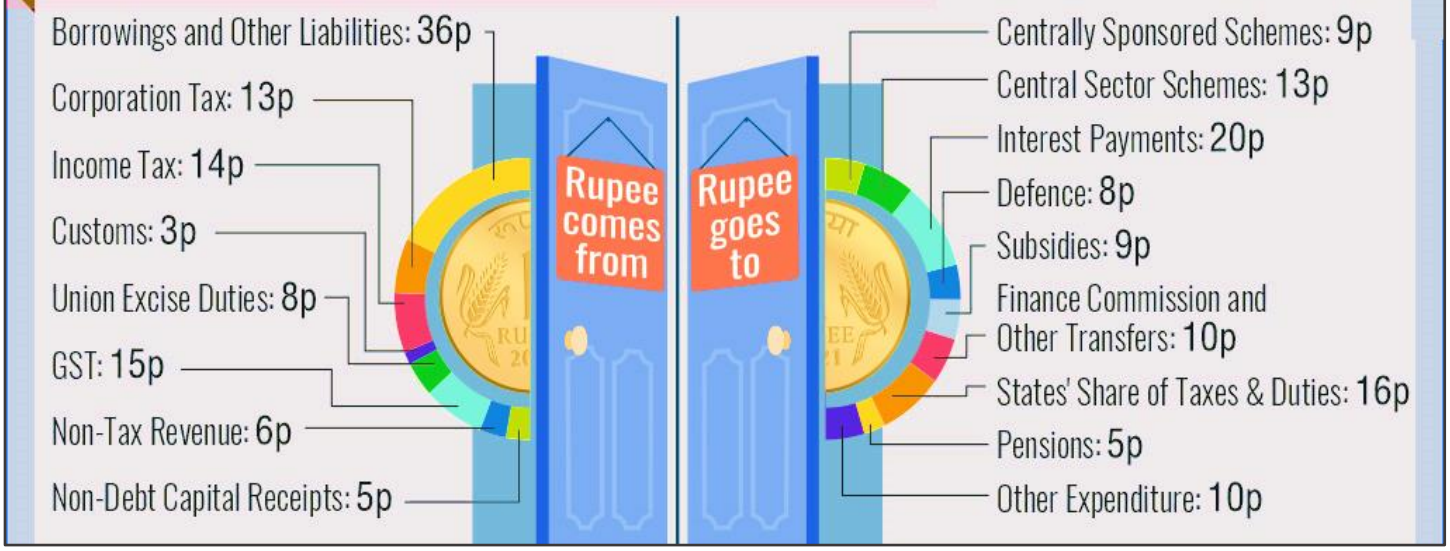


Key Numbers

In ₹ crore	2019-20 (Actuals)	2020-21 (Budget Estimates)	2020-21 (Revised Estimates)	2021-22 (Budget Estimates)
Revenue Receipts	16,84,059	20,20,926	15,55,153	17,88,424
Capital Receipts	10,02,271	10,21,304	18,95,152	16,94,812
Total Receipts	26,86,330	30,42,230	34,50,305	34,83,236
Total Expenditure	26,86,330	30,42,230	34,50,305	34,83,236
Revenue Deficit	6,66,545	6,09,219	14,55,989	11,40,576
Effective Revenue Deficit	4,80,904	4,02,719	12,25,613	9,21,464
Fiscal Deficit	9,33,651	7,96,337	18,48,655	15,06,812
Primary Deficit	3,21,581	88,134	11,55,755	6,97,111

Statistics of Union Budget 2021-22

Central Revenue and Expenditure

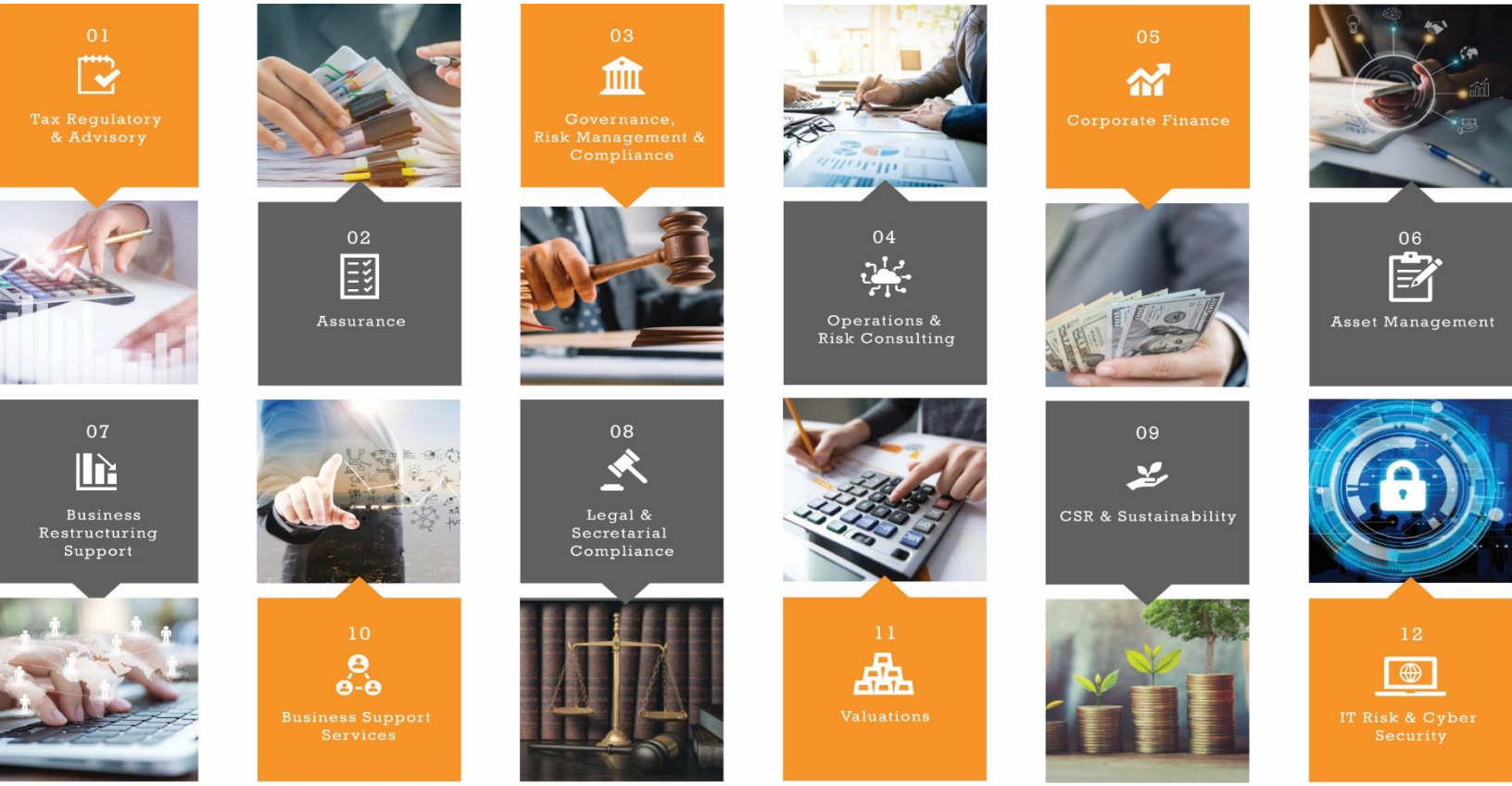


Central Govt Expenditure

Grand total 34,83,236

Budget Estimates for 2021-22 (in ₹ crore)

Pension	1,89,328	External Affairs	18,155	Scientific Departments	30,640
Defence	3,47,088	Finance	91,916	Social Welfare	48,460
Major Subsidies	3,35,361	Health	74,602	Tax Administration	1,31,100
Agriculture & Allied Activities	1,48,301	Home Affairs	1,13,521	Transfer to States	2,93,302
Commerce & Industry	34,623	Interest	8,09,701	Transport	2,33,083
Development of North East	2,658	IT and Telecom	53,108	Union Territories	53,026
Education	93,224	Planning and Statistics	2,472	Urban Development	54,581
Energy	42,824	Rural Development	1,94,633	Others	87,528



"values that add value"

Our Offices

MUMBAI:

Peninsula Business Park,
19th Floor, Tower B,
Lower Parel, Mumbai - 400013

Tel: +91 22 6124 6124

DELHI:

614-619, 5th floor, SB Tower, Near Jubilant Life, 1A/1, Sector 16A, Filmcity, Noida (NCR) - 201301

Tel: +91 120 480 4922

BENGALURU:

118, DBS House, 26, Cunningham Road
Bengaluru – 560052

Tel: +91 80 4040 7148

JAIPUR:

J-16, Lalkothi J-Scheme, Sahakar Marg, Behind IOC Petrol Pump, Jaipur - 302015

Tel: +91 141 274 1674

Email: mgbco@mgbco.com