

The background of the cover features a composite image. In the foreground, a large stack of Indian Rupee coins is visible, with a glowing line graph overlaid on it. In the background, a city skyline at night is shown with illuminated buildings and a blue-tinted line graph. The entire scene is framed by large, sweeping orange and yellow curved lines that create a sense of motion and modernity.

INDIA BUDGET STATEMENT 2022-23

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

With two years of the pandemic and the economy struggling to stand on its feet, all eyes were on the Finance Minister to deliver a balanced Budget. With certain state elections this month, the mood at large was that this was going to be a populist Budget to please the masses. However, in one of the shortest budget speech, this Budget struck a balance between the challenges posed by the recurring COVID-19 waves and the need to contain the economic damage due to pandemic, devoid of any populism measures nor any mention of Covid and its impact.

The Finance Minister mentioned that the India's economic growth is estimated to be 9.2%, the highest among all large economies. However, this projection is based on the assumption that there will be no further pandemic related economic disruption, monsoon will be normal, withdrawal of global liquidity by major central banks will be broadly orderly, oil prices will be stable and global supply chain disruptions will steadily ease over the course of the year.

The most defining feature of the Budget is a phenomenal 5% increase in the government's capital expenditure which will drive infra and jobs. This is classical Keynesian economics at play – at a time when the private sector is reluctant or averse to invest given poor demand conditions, the government is borrowing more to spend more.

As taxpayers have been facing hard times due to job loss and salary cuts during the Covid-19 pandemic, amidst the high rate of inflation, there were high expectations that the Budget would provide some tax relief in the form of higher tax exemption, lower tax rate, higher deductions, introduction of Work from Home allowance, etc. But there has been no change in income tax slabs and rates in the Budget. The reduction in surcharge in case of long-term capital gain to 15% from 37% will bring down the liability for high-end taxpayers.

The Government for the first time acknowledged the presence of virtual digital assets (like Crypto, NFT, etc) with a 30% tax + 1% TDS on them. While there was no mention of a crypto-bill, it was announced that the RBI is all set to launch the Digital Rupee in 2022.

The Finance Minister proudly announced the highest ever GST collections in January 2022 of Rs 1.49 lakh crore since the inception of the regime in 2017. The Budget also proposed replacement of SEZ Act with a newer legislation, the gradual phasing out of the concessional rates in capital goods and project imports and applying a moderate tariff of 7.5% to promote the growth of the domestic sector and boost 'Make in India' initiative coupled with the extension of the deadline to avail favorable tax regime of 15% income tax rates for new manufacturing entities from March 2023 to March 2024.

Budget 2022, in our view, is a growth oriented budget, capex oriented budget with remarkably little changes in taxation and not a 'please all' populist Budget, delinking the Budget from elections for once. To a large extent, this Budget does good by not doing bad. The absence of any proposals on wealth or inheritance tax or populist new schemes is good. This time, we believe that the focus needs to shift to implementation of schemes that are already drawn out and on bringing back growth. But more importantly, Budget 2022 assumes a return to normal economic activity which we all believe, and hope will be free of disruption from any new waves of infections forever.

1 February, 2022

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

¹Includes Health and Education Cess of 4%

²Rs. 3,00,000 for Senior Citizens (60years+) and Rs. 5,00,000 for very Senior Citizens (80years+)

³Rebate of tax payable or Rs.12,500, whichever is less, for individuals whose total income does not exceed Rs. 5,00,000/-

⁴Includes Surcharge of 10%

⁵Includes Surcharge of 15%

⁶Includes Surcharge of 25%

⁷Includes Surcharge of 37%

Note 1: In case, where the total income includes any income by way of dividend or income chargeable under section 111A, 112 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	<p>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.</p> <p>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 also not apply.</p>

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.

- Partnership Firms (including LLP)**

Taxable income (Rs)	Tax Rates (%) ⁸
<1,00,00,000	31.20
> 1,00,00,001	34.944 ¹⁰

- 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 – 10,00,00,000	33.384 ⁹
>10,00,00,001	34.944 ¹⁰

⁸includes Health and Education Cess of 4%

⁹includes Surcharge of 7%

¹⁰includes 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 (%) ¹¹
On any amount of Taxable Income	25.168

• Domestic Company

Taxable Income (Rs)	Tax Rates (%) ¹²	
	Turnover in FY 2020-21 does not exceed Rs 400 Crores	Turnover in FY 2020-21 is more than Rs 400 Crores
<1,00,00,000	26.00	31.20
1,00,00,001 >10,00,00,000	27.82 ¹³	33.384 ¹³
> 10,00,00,001	29.12 ¹⁴	34.944 ¹⁴

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 (%) ¹¹ (Section 115BAA)	Tax Rates (%) ¹¹ (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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¹¹includes Surcharge of 10% Health and Education Cess of 4%

¹²includes Health and Education Cess of 4%

¹³includes Surcharge of 7%

¹⁴includes Surcharge of 12%

- **Foreign Company**

Taxable income (Rs)	Tax Rates (%) ¹⁵
<1,00,00,000	41.60
1,00,00,001 >10,00,00,000	42.432 ¹⁶
> 10,00,00,001	43.680 ¹⁷

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

Taxable income (Rs)	Tax Rates (%) ¹⁵
Minimum Alternative Tax	
<1,00,00,000	15.60
1,00,00,001 >10,00,00,000	16.692 ¹⁸
> 10,00,00,001	17.472 ¹⁹

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¹⁵includes Health and Education Cess of 4%

¹⁶includes Surcharge of 2%

¹⁷includes Surcharge of 5%

¹⁸includes Surcharge of 7%

¹⁹includes Surcharge of 12%

B. Promoting Voluntary Tax Compliance and Reducing Litigation

Filing of updated return on payment of additional tax

- It is proposed that the assessee can now file an updated return of income within 24 months from the end of relevant assessment year, irrespective of the fact whether return for the relevant assessment year has been filed or not.
- Where the assessee opts for filing updated return, he is required to make payment of tax due, interest and fees payable on incremental income offered by him in the updated return along with additional tax.
- The additional tax payable by the assessee shall be as under:

Filing updated return	Additional Tax
Where the updated return is filed after expiry of time available u/s 139(4) / (5) but before 12 months from the end of relevant assessment year.	25% of tax due and interest on incremental income.
Where the updated return is filed after expiry of 12 months from the end of relevant assessment year but before 24 months from the end of relevant assessment year.	50% of tax due and interest on incremental income.

- The provisions for filing updated return shall not be applicable in following cases:
 - The updated return is a loss return or has the effect of decreasing the tax liability or results in refund or increases the refund due as compared to the return filed earlier u/s 139(1)/(4)/(5);
 - The updated return has already been furnished for the relevant assessment year;
 - Any proceedings, assessment, reassessment, revision are pending or have been completed for the relevant assessment year;
 - Prosecution proceedings have been initiated for the relevant assessment year;
 - The Assessing Officer has information in his possession under the Prevention of Money Laundering Act, 2002 or the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 or the Prohibition of Benami Property Transactions Act, 1988 or The Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 which has been communicated prior to furnishing updated return.
 - Information has been received under an agreement referred to in sections 90 or 90A which has been communicated prior to furnishing updated return.

- In case where Search / Survey has been initiated, an updated return cannot be filed for the assessment year relevant to previous year in which search / survey is initiated and two assessment years preceding such assessment year.

[Section 139(8A), Section 140B, Section 144, Section 153, Section 234B, Section 234A & Section 276CC w.e.f. AY 2022-23]

Litigation management in case of Departmental Appeal is pending before jurisdictional High Court or Supreme Court

- In order to reduce litigation, it is proposed to provide that where the collegium is of the opinion that any question of law arising in the case of an assessee for any assessment year (“relevant case”) is identical with a question of law already raised in his case or in the case of any other assessee for an assessment year, which is pending before the jurisdictional High Court or the Supreme Court in an appeal or in a special leave petition under Article 136 of the Constitution, against the order of the Appellate Tribunal or the jurisdictional High Court, as the case may be, is in favor of such assessee (“other case”), it may, decide and intimate the Commissioner or Principal Commissioner to defer filing of appeal, till the decision on identical question of law is communicated to the Assessing Officer having jurisdiction over the assessee.

[Section 158AA & Section 158AB w.e.f. AY 2022-23]

Clarification regarding allowability of cess and surcharge

- Taxpayers are claiming deduction on account of ‘cess’ or ‘surcharge’ contending that ‘cess’ has not been specifically mentioned as ‘tax’ and, therefore, an allowable expenditure.
- It is proposed to include an Explanation to clarify that the term “tax” includes and shall be deemed to have always included any surcharge or cess, by whatever name called, on such tax. Accordingly, ‘cess’ and ‘surcharge’ would not be allowable as a business expenditure.

[Section 40(a)(ii) with retrospective effect from AY 2005-06]

Amendments related to successor entity subsequent to business reorganization

- It is proposed to provide that assessment or other proceedings pending or completed on the predecessor in the event of a business reorganization, shall be deemed to have been made on the successor.
- Also, post such reorganization, the affairs of the successor entity go through a complete change with effect from the date from which such reorganization takes place. However, due to the indefinite timeline involved in issuing orders of business organizations by Courts/ Tribunals, there is a gap between the effectivity of such order and the date on which such order is issued by the competent authority. The entities are therefore not able to modify the already filed returns in accordance with the reorganization. In order to enable the entities going through business reorganization, it has been proposed that the entities can file modified returns for the period between the date of effectivity of the order and the date of issuance of final order of the competent authority.

- It has been further proposed to enable giving effect to the orders of the competent authority and to modify demands in accordance with directions of Courts / Tribunals.

[Section 156A , Section 170 & Section 170A w.e.f. AY 2022-23]

Clarification in respect of disallowance under section 14A in absence of any exempt income

- Courts have taken a view that if there is no exempt income during a year, disallowance of expenditure in respect of exempt income is not required.
- It is proposed to clarify that the provisions of this section shall apply even in a case where exempt income has not accrued or arisen or has not been received during the previous year relevant to an assessment year and expenditure has been incurred in relation to such exempt income.

[Section 14A w.e.f. AY 2022-23]

Clarification on allowability of expenditure under section 37

- CBDT has clarified that the claim of any expense incurred in providing benefits such as freebies to doctors in violation of the provisions of Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002, shall be inadmissible, being an expense prohibited by the law. However, Tribunals have interpreted and allowed such claim for expense in various cases.
- It is proposed to insert Explanation to clarify that the expression “expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law”, shall include and shall be deemed to have always included the expenditure incurred by an assessee, —
 - i. for any purpose which is an offence under, or which is prohibited by, any law for the time being in force, in India or outside India; or
 - ii. to provide any benefit or perquisite, in whatever form, to a person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation or guidelines, as the case may be, for the time being in force, governing the conduct of such person; or
 - iii. to compound an offence under any law for the time being in force, in India or outside India.

[Section 37(1) w.e.f. AY 2022-23]

Clarification regarding deduction on payment of interest only on actual payment

- Taxpayers are claiming deduction on account of conversion of interest payable on an existing loan into debentures on the ground that such conversion is a constructive discharge of interest liability and amounts to actual payment, which has been upheld by several Courts.
- It is proposed to provide that conversion of outstanding interest liability into debentures is not an actual payment and cannot be claimed as deduction.

[Section 43B w.e.f. AY 2023-24]

C. Socio-economic welfare measures

Extension of the last date for commencement of manufacturing or production

- Under the existing provisions, an option of concessional rate of taxation @ 15% for new domestic manufacturing companies set up and registered on or after 1 October 2019 and has commenced manufacturing or production of an article or thing on or before 31 March 2023, on fulfilment of certain conditions.
- In order to provide relief to the new domestic manufacturing companies whose setting up / registration has been delayed due to the impact of the COVID-19 pandemic, it is proposed to extend the date of commencement of manufacturing or production of an article or thing from 31 March 2023 to 31 March 2024.

[Section 115BAB w.e.f. AY 2022-23]

Extension of date of incorporation for eligible start up for exemption

- Under the existing provisions, deduction of amount equal to one hundred percent of the profits and gains derived from an eligible business by an eligible start-up for three consecutive assessment years out of ten years beginning from the year of incorporation, at the option of the assessee subject to the condition that it is incorporated on or after 1 April 2016 but before 1 April 2022.
- In order to factor the delays caused by the COVID-19 pandemic and promote such eligible start-ups, it is proposed to extend the period of incorporation of eligible start-ups to 31 March 2023.

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

Tax Incentives to International Financial Services Centre (IFSC)

- It is proposed to provide the following additional incentives to incentivise operations from IFSC:
 - (i) To exempt income accrued or arisen to or received by a non-resident as a result of transfer of offshore derivative instruments or over-the-counter derivatives entered into with an Offshore Banking Unit of an IFSC.
 - (ii) To exempt income of a non-resident by way of royalty or interest, on account of lease of a ship in a previous year, paid by a unit of an IFSC, if the unit has commenced its operations on or before the 31 March 2024.
 - (iii) To exempt any income received by a non-resident from portfolio of securities or financial products or funds, managed or administered by any portfolio manager on behalf of such non-resident, in an account maintained with an Offshore Banking Unit, in any IFSC to the extent such income accrues or arises outside India and is not deemed to accrue or arise in India.

- (iv) It is proposed to exclude the applicability of Section 56(2)(viib) in relation to excess share premium received on issue of shares over and above the fair market value to Category I or a Category II Alternative Investment Funds which are regulated under the International Financial Services Centres Authority Act, 2019.
- (v) To provide deduction with respect to income arising from the transfer of an asset, being a ship, which was leased by a unit of the International Financial Services Centre to any person, subject to the condition that the unit has commenced operation on or before the 31 March 2024.

[Section 10, Section 56(2)(viib) & Section 80LA w.e.f. AY 2023-24]

Condition of releasing of annuity to a disabled person

- Under the existing provisions, deduction is provided to an individual or HUF in respect of maintenance including medical treatment of a dependant who is person with disability. It also covers the amount of insurance premium paid towards specific insurance plans.
- The deduction is allowed only if the payment of annuity or lump sum amount is made to the benefit of the dependant in the event of death of the individual or member of HUF in whose name the subscription to the scheme has been made.
- If the dependant with disability predeceases the individual or member of HUF, the amount deposited in such scheme shall be deemed to be the income of the assessee of the previous year in which the amount is received by the assessee.
- Considering that the handicapped dependants may need payment of annuity or lump sum basis even during the lifetime of the parents / guardians, the following proposals are made:
 - (i) to allow deduction under this section during the lifetime i.e. upon attaining age of sixty years or more of the individual or member of HUF and where the payment or deposit has been discontinued.
 - (ii) The amount received by the dependant, before his death, by way of annuity or lump sum, by application of the condition referred to in the proposed amendment shall not be deemed to be income.

[Section 80DD w.e.f. AY 2023-24]

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

- It is proposed that any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family in respect of any illness relating to COVID-19, subject to such conditions, as may be notified by the Central Government shall not form part of “perquisite”.

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

[Section 17 & Section 56(2)(x) with retrospective effect from AY 2020-21]

Facilitating strategic disinvestment of public sector companies

- Under the existing provisions, in case of a Company, not being a company in which the public are substantially interested, the company shall not be allowed to carry forward and set-off the losses against the income of previous year, unless on the last day of the previous year, the shares of the company carrying not less than fifty-one per cent of the voting power were beneficially held by persons who beneficially held shares of the company carrying not less than fifty-one per cent of the voting power on the last day of the year or years in which the loss was incurred.
- In order to facilitate strategic disinvestment of public sector companies, it is proposed to provide that the provisions shall not apply to an erstwhile public sector company subject to the condition that the ultimate holding company of such erstwhile public sector company, immediately after the completion of strategic disinvestment, continues to hold, directly or through its subsidiary or subsidiaries, at least fifty one per cent of the voting power of the erstwhile public sector company in aggregate.

[Section 79 w.e.f. AY 2022-23]

D. Widening and deepening of tax base

Rationalization of provisions of TDS and TCS

- Under the existing provisions, penal rates have been specified for TDS / TCS to be deducted on persons who have not filed their returns of income for two assessment years relevant to the two previous years immediately preceding the financial year in which tax is required to be deducted or collected, for which the time limit for filing return of income has expired;
- It is proposed to reduce the aforesaid requirement of two years to one year.

- It is also proposed that higher rate of TDS will not apply to the transactions covered under sections 194-IA, 194-IB and 194M.

[Section 194IB, Section 206AB & Section 206CCA w.e.f. AY 2022-23]

Rationalization of provisions of TDS on sale of immovable property

- Under the existing provisions, any person responsible for paying to a resident, any sum by way of consideration for transfer of any immovable property (other than agricultural land) shall irrespective of the stamp duty value, deduct tax at source, at the time of credit or payment of such sum to the resident, at the rate of one per cent. Also, the provisions of the section does not apply to the consideration less than fifty lakh rupees.
- In order to remove inconsistency, it is proposed that TDS is to be deducted at 1% of such sum paid or credited to the resident or the stamp duty value of such property, whichever is higher.

[Section 194-IA w.e.f. AY 2022-23]

TDS on benefit or perquisite of a business or profession

- In order to widen and deepen the tax base, it is proposed to provide that the person responsible for providing to a resident, any benefit or perquisite, whether convertible into money or not, arising from carrying out of a business or exercising of a profession by such resident, shall, before providing such benefit or perquisite, as the case may be, to such resident, ensure that tax has been deducted in respect of such benefit or perquisite at the rate of ten per cent of the value or aggregate of value of such benefit or perquisite.
- In case the benefit or perquisite is in kind or partly in cash and partly in kind and the cash component is not sufficient to meet the liability of TDS in respect of such benefit or perquisite, the person responsible for providing such benefit of perquisite shall, before releasing the benefit or perquisite, ensure that tax has been paid in respect of the benefit or perquisite.
- No tax is to be deducted if the aggregate value of benefit or perquisite does not exceed Rs. 20,000/- during the financial year. Also, the provisions shall not apply to an individual or a HUF, whose total sales, gross receipts or turnover does not exceed Rs. 1 crore in case of business and Rs. 50 lacs in case of profession in the financial year immediately preceding the financial year in which such benefit is provided.

[Section 194R w.e.f. 1 July 2022]

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

- Under the existing provisions, the producer of cinematographic films is required to furnish within 30 days from the end of financial year or from the date of completion of film, whichever is earlier a statement containing particulars of all payments over Rs. 50,000/- in aggregate made by him or due from him to a person engaged by him.

- It is proposed that persons engaged in specified activities such as event management, documentary production, production of programmes for telecasting or over the top platforms, or any other similar platform, sports event management, other performing arts or any other activity, by notification in the Official Gazette, specify in this behalf, shall also be required to furnish such statement.

[Section 285B w.e.f. AY 2022-23]

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

- Under the existing provisions, bonus stripping applies to units but not securities. It has now been proposed to bring securities within the ambit of bonus stripping.
- It is also proposed to include units of Infrastructure Investment Trust (InvIT), Real Estate Investment Trust (REIT) and Alternative Investment Funds (AIFs) within the definition of units so as to bring them within the ambit of bonus and dividend stripping.

[Section 94 w.e.f. A.Y. 2023-24]

E. Revenue Mobilization

Scheme for taxation of virtual digital assets

- A clarification on the taxation of crypto currency was a long pending demand from the industry. It is proposed to tax income on transfer of virtual digital assets at flat rate of 30% without claiming deduction in respect of any expenditure or allowances or set off of losses other than cost of acquisition of digital assets.
- It has been further provided that no set off of losses arising on transfer of virtual digital asset can be claimed against income under other heads and that such losses shall not be allowed to be carried forward to subsequent assessment years.

[Section 115BBH w.e.f A.Y. 2023-24]

Deduction of tax at source on payment for transfer of virtual digital asset

- It is proposed to provide for deduction of tax on payment for transfer of virtual digital asset to a resident at the rate of one per cent of such sum. However, in case the payment for such transfer is—
 - (i) wholly in kind or in exchange of another virtual digital asset where there is no part in cash; or
 - (ii) partly in cash and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of such transfer,

the person before making the payment shall ensure that the tax has been paid in respect of such consideration

- Further, no tax is to be deducted in case the payer is a specified person and the value or the aggregate of such value of consideration to a resident is less than Rs. 50,000 during the financial year. In any other case, the said limit is proposed to be Rs. 10,000 during the financial year
- Specified person means –
 - (i) being an individual or Hindu undivided family whose total sales, gross receipts or turnover from the business carried on by him or profession exercised by him does not exceed one crore rupees in case of business or fifty lakh rupees in case of profession. during the financial year immediately preceding the financial year
 - (ii) being an individual or Hindu undivided family having income under any head other than the head Profits and gains of business or profession.

[Section 194S w.e.f. 1 July 2022.]

Gifting of Virtual digital assets

- It is proposed to include virtual digital asset within the definition of property so as to tax gift of virtual digital assets in the hands of recipients.
- It is also proposed to introduce definition of virtual digital asset to mean any information or code or number or token (not being Indian currency or any foreign currency), generated through cryptographic means or otherwise, by whatever name called, providing a digital representation of value which is exchanged with or without consideration, with the promise or representation of having inherent value, or functions as a store of value or a unit of account and includes its use in any financial transaction or investment, but not limited to, investment schemes and can be transferred, stored or traded electronically. Non fungible token and; any other token of similar nature are included in the definition.

[Section 2(47A) w.e.f AY 2022-23 & Section 56(2)(x) w.e.f A. Y.2023-24]

Withdrawal of concessional rate of taxation on dividend income

- The existing provisions provide for a concessional rate of tax of 15% on the dividend income received by an Indian company from a foreign company in which the said Indian company holds 26% or more in nominal value of equity shares
- In order to bring parity in the tax treatment of dividend received by Indian companies from specified foreign companies vis-à-vis dividend received from domestic companies, it is proposed that concessional rate of tax shall no longer be applicable on dividend received from specified foreign company.

[Section 115BBD w.e.f A. Y. 2023-24].

F. Phasing out exemption

Withdrawal of certain exemptions

- Any remuneration received by an individual / consultant / any employee of consultant in connection with any technical assistance programme or project as per agreement entered into by the Central Government and the Government of a foreign state is exempt from tax in India subject to fulfillment of other conditions provided therein.
- Further, the provision also provides exemption to such individual / consultant / any employee of consultant and their family members in respect of any other income accruing or arising outside India in respect of which they are required to pay any tax to the Government of the Foreign State / country of their origin.
- In view of the policy of Government and protect the right of taxation available to India as per treaty, it is now proposed to tax the aforesaid income.

[Section 10(8), Section 10(8A), Section 10(8B) & Section 10(9) w.e.f. AY 2023-24]

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G. Rationalization Measures

Amendment in the provisions of section 248 and insertion of new section 239A

- It is proposed to provide that a person, who has made deduction of tax under section 195 under an agreement or arrangement and borne the tax liability, when no tax deduction was required, may file an application for refund of such tax deducted.
- Such person, if he is not satisfied with the order of the Assessing Officer, can prefer an appeal against such order before the Commissioner (Appeals), under section 246A. Accordingly, the provisions of section 248 will not apply in cases where the date of tax payment, to the credit of Central Government is on or after 1 April 2022.

[Section 239A, Section 246A & Section 248 w.e.f A.Y. 2022-23]

Cash credits

- Under the existing provisions, the nature and source of any sum, in the nature of share application money, share capital, share premium, credited in the books of a closely held company shall be treated as explained only if the source of funds is also explained in the hands of the shareholder. However, in case of loan or borrowing, the judicial decisions have held that only identity and creditworthiness of creditor and genuineness of transactions for explaining the credit in the books of account is sufficient, and the onus does not extend to explaining the source of funds in the hands of the creditor.
- It is proposed to provide that the nature and source of any sum, whether in form of loan or borrowing, or any other liability credited in the books of an assessee shall be treated as explained only if the source of funds is also explained in the hands of the creditor or entry provider. However, this additional onus of proof of satisfactorily explaining the source in the hands of the creditor, would not apply if the creditor is a well regulated entity, i.e., it is a Venture Capital Fund, Venture Capital Company registered with SEBI.

[Section 68 w.e.f A.Y. 2023-24]

Faceless Schemes

- As part of making the tax administrative transparent and efficient, the Central Government is empowered to issue directions for successful implementation of faceless scheme for Transfer Pricing Assessment, Dispute Resolution, Revision and Appeal before Appellate Tribunal, provided such directions shall not be issued after 31 March 2022 / 31 March 2023.
- It is proposed now to extend the aforesaid time limit of issuance of directions to 31 March 2024.

[Section 92CA, Section 144C, Section 253 & Section 255 w.e.f. AY 2022-23]

Amendment in Faceless Assessment

- The Central Government has undertaken a number of measures to make the processes electronic, by eliminating person to person interface between the taxpayer and the Department to the extent technologically feasible, and provide for optimal utilisation of resources and a team-based assessment with dynamic jurisdiction. As part of this policy, vide Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020, section 144B was inserted to provide the procedure for faceless assessment with effect from 1 April 2021 and the Faceless Assessment Scheme, 2019 ceased to operate from that date.
- However, various difficulties are being faced by the administration and the taxpayer in the operation of the faceless assessment procedure. In view of the above, it is proposed that the existing provisions may be amended to streamline the process of faceless assessment in order to address the various legal and procedural problems being faced in the implementation of the said section.

[Section 144B w.e.f. AY 2022-23]

- Under the existing provisions, the assessment order passed under faceless assessment shall be void if the procedure mentioned in the section is not followed. This has resulted in large number of disputes and bringing question to the validity of assessment order passed thereunder. It is, therefore, proposed to omit this sub-section from the date of its inception.

[Section 144B(9) with retrospective effect from AY 2021-22]

Set off of losses against undisclosed income in search or survey cases

- Under the existing provisions, there is no distinction between undisclosed income detected owing to search and seizure or survey or requisition proceedings and income assessed in scrutiny assessment in regular course of assessment. The assessee's claim set-off of losses or unabsorbed depreciation against undisclosed income which is detected during the course of search or survey proceedings.

- In order to ensure proper tax is paid on the income detected as a result of search or requisition or survey, it is proposed to provide that where consequent to a search or a requisition made or a survey conducted, the total income of any previous year of an assessee includes any undisclosed income, no set off, against such undisclosed income, of any loss, whether brought forward or otherwise, or unabsorbed depreciation shall be allowed to the assessee under any provision of this Act, in computing his total income for such previous year.

[Section 79A w.e.f. AY 2022-23]

Rationalization of provisions relating to assessment and reassessment

- Under the existing provisions, the assessing officer before proceeding to reassess would conduct an enquiry and pass an order concluding whether the case is a fit case for re-opening and thereafter issue a notice for re-opening after necessary approval
- It is now proposed that the assessing officer would not require a prior approval for re-opening where he has passed the aforesaid order.
- Further, no order of assessment or reassessment or re-computation shall be passed by an Assessing Officer below the rank of Joint Commissioner, except with the prior approval of the Additional Commissioner or Additional Director or Joint Commissioner or Joint Director, in respect of assessments consequent to search, survey and requisition to reduce avoidable inaccuracies
- With respect to the time limit for completion of reassessment proceedings it is proposed to exclude the period, (not exceeding one hundred eighty days) commencing from the date on which a search is initiated or a requisition is made and ending on the date on which the books of account or other documents, or any money, bullion, jewelry or other valuable article or thing seized, are handed over to the Assessing Officer having jurisdiction over the assessee.
- It is proposed to clarify that information forming basis of re-opening would include any audit objection, or any information received from a foreign jurisdiction under an agreement or directions contained in a court order, or information received under a scheme notified under section 135A etc
- It is proposed that an assessing officer can re-open a case after 3 years but before 10 years from the end of relevant assessment year where the Assessing Officer has in his possession books of account or other documents or evidence which reveal that the income chargeable to tax, represented,
 - (a) in the form of an asset; or
 - (b) expenditure in respect of a transaction or in relation to an event or occasion; or
 - (c) an entry or entries in the books of account,

which has escaped assessment amounts to or likely to amount to fifty lakh rupees or more.

[Section 132, Section 132B, Section 148, Section 148A, Section 148B, Section 149, Section 153 & Section 271AAB w.e.f. AY 2022-23]

Rationalisation of the provision of Charitable Trust and Institutions

- Income of any fund or institution or trust or any university or other educational institution or any hospital or other medical institution as referred in Section 10(23C) or any trust or institution registered u/s 12AA or 12AB, is exempt subject to the fulfilment of the conditions provided under various sections. The exemption to these trusts or institutions is available under the two regimes:
 - Regime for any fund or institution or trust or any university or other educational institution or any hospital or other medical institution as referred in Section 10(23C) (hereinafter referred to as trust or institution under first regime); and
 - Regime for the trusts registered under section 12AA/12AB (hereinafter referred to as trust or institution under the second regime).
- It is proposed to rationalise the provisions of both the exemption regimes by:

Ensuring effective monitoring and Implementation of two exemption regimes:

- Books of accounts to be maintained by the trust or institutions whenever the total income, without giving effect to the provisions of Section 10(23C) or Section 11 and 12, exceeds the maximum amount which is not chargeable to tax.

[Section 10(23C) & Section 12A w.e.f. AY 2023-24]

- In order to discourage misuse of the funds of the trust or institution by specified persons, it is proposed to provide penalty on trusts or institution equal to amount of income applied by such trust or institution for the benefit of specified person where the violation is noticed for the first time during any previous year and twice the amount of such income, where the violation is noticed again in any subsequent year.

[Section 271AAE w.e.f. AY 2023-24]

- Where it comes to the notice of Principal CIT or CIT or reference received from Assessing Officer or selected under risk management strategy that the trust or institution is carrying out activities which are against the object of such trust or institution; the PCIT or CIT can call for such information as required from the trust or institution and after making necessary inquiry and affording an opportunity of being heard to such trust or institution, may cancel the registration or approval so granted by passing speaking order if the information available indicates violation of objects of the trust or institution. Principal CIT or CIT shall passed such order within a period of six months from the end of the quarter in which first notice is issued calling for information or documents.

[Section 10(23C), Section 12AB, Section 143 and Section 153 w.e.f. AY 2022-23]

Bringing consistency in the provisions of the two exemption regimes:

- Where a Trust / Institution claiming exemption under first regime claims exemption from tax by setting apart income for a period of five years, the same shall be taxable in the sixth year, if such amount set apart remains unutilized.

[Section 10(23C) & Section 11 w.e.f. AY 2023-24]

- Trusts or institutions under the second regime are required not to pass on any unreasonable benefit to the trustee or any other specified person. It is proposed to provide that where the income or part of income or property of any trust or institution under the first regime, has been applied directly or indirectly for the benefit of any specified person, such income or part of income or property shall be deemed to be the income of such person of the previous year in which it is so applied.

[Section 10(23C) w.e.f. AY 2023-24]

- It is proposed to amend the provisions of Chapter XII-EB to tax the accreted income of any trust or institution falls under the first regime in order to bring it at par with trust or institution falls under second regime.

[Section 115TD, Section 115TE & Section 115TF w.e.f. AY 2023-24]

- In order to claim exemption under either of the regimes, the return of income has to be filed within the due dates specified under section 139, failing which the exemptions shall be denied.

[Section 10(23C) w.e.f. AY 2023-24]

Providing clarity on taxation in certain circumstances:

- Different provisions mandate denial of exemption to the trusts or institutions under both the regimes. Some of the provisions under which exemption is not available for its violation are as follows:
 - Having commercial receipts in excess of 20% of the annual receipts in violation of the provisions of proviso to section 2(15);
 - Not getting the books of account audited;
 - Not filing the return of income presently

In order to bring clarity on computation of taxable income in case of non-availability of exemption in these cases, the mechanism for computation of income of the trust or institution is provided in the proposed amendment.

[Section 10(23C) & Section 13 w.e.f. AY 2023-24]

- It is proposed to tax income of the trust or institution which is applied in contravention of the provisions, at the rate of 30% instead of denying the complete exemption to the trust / institution on account of non-compliance.

[Section 10(23C), Section 13 & Section 115BBI w.e.f. AY 2023-24]

- It is proposed that the voluntary contribution received for the renovation and repair of temples, mosques, gurudwaras, churches etc. shall form part of corpus fund of the trust or institution, at its option, subject to fulfillment of conditions specified therein.

[Section 10(23C) & Section 11 with retrospective effect from AY 2021-22]

- It is clarified that any sum payable by any trust or institution shall be considered as application of income in the previous year in which such sum is actually paid irrespective of the previous year in which the liability to pay such sum was incurred by such trust according to the method of accounting regularly employed.

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

Amendment in the provisions of section 263

- Under the existing provisions, there is ambiguity as to who has the revisionary power under section 263 in respect of order passed by Transfer Pricing Officer (TPO)
- It is proposed to provide that the Principal Chief Commissioner or the Chief Commissioner or the Principal Commissioner or Commissioner who is assigned the jurisdiction of transfer pricing may call for and examine the record of any proceeding under this Act, and if he considers that any order passed by the TPO, working under his jurisdiction, to be erroneous in so far as it is prejudicial to the interests of revenue, he may pass an order directing revision of the order of TPO.

[Section 263 & Section 153 w.e.f. AY 2022-23]

Reduction of Goodwill from block of assets to be considered as 'transfer'

- In the last budget, it was provided that goodwill of a business or profession would no longer considered as a depreciable asset and there would not be any depreciation on goodwill of a business or profession in any situation.
- Consequently, the said amendment required reduction of goodwill from the written down value of the existing block, it earlier formed part of. It is, now, further proposed that such reduction would also be a deemed transfer.

[Section 50 with retrospective effect from AY 2021-22]



INDIRECT TAXES

Goods & Service Tax

Input Tax Credits

- Statutory recognition is given to auto-populated form GSTR 2B which contains details of Input Tax Credit (ITC) updated by the vendors. A new clause is proposed to be inserted under Section 16 (2) for this purpose to provide specifically that ITC can be availed only if the same is updated by vendors in GSTR 2B.
- Time-limit to avail ITC under Section 16 (4) pertaining to a financial year is proposed to be extended from existing deadline of 30 September to 30 November of next financial year.
- Existing provisions of Section 41 to Section 43A is proposed to be omitted so as to do away with the concept of claim of ITC on a “provisional” basis i.e. 5% additional ITC over and above the ITC appearing in GSTR 2A as followed hitherto, is scrapped.
- Section 41 is substituted so as to clarify that if supplier doesn't pay tax (but only filed GSTR 1), then recipient will have to reverse ITC on such supplies along with interest. This ITC can be re-availed by the recipient once the supplier pays the tax subsequently.

Returns

- Return filing provisions in Section 37 to 39 are proposed to be amended to streamline the legal provisions with practical application of GSTR 1 / 2B & GSTR 3B returns.
- It is proposed to allow any rectification of errors / omissions pertaining to a financial year till 30th November of next financial year (presently, it is allowed till 30th September).
- It is proposed to restrict filing of GSTR 1 of the current month if any of the previous month's GSTR 1 is not filed. Similarly, GSTR 3B cannot be filed if GSTR 1 for the same period has not been filed.
- The due date for filing of periodic return by the non-resident taxable person is substituted from earlier 20th day of next month to 13th day of next month.
- In case of non-filing of returns, proper officer has power to initiate cancellation of registration if returns are not filed for continuous period of 6 months. This provision is proposed to be amended to provide powers to prescribe even lesser period also. For Composition taxpayers, it is clarified that registration can be cancelled if the return in form GSTR 4 is not filed within three months from the due date of filing the said return.
- Amendment is proposed in Section 34 to allow issuance of Credit notes in respect of supply made in a particular financial year till 30 November of next financial year (presently, it is allowed till 30 September).

Interest & Late Fee

- Section 50 (3) of the CGST Act is proposed to be substituted retrospectively, with effect from 1st July, 2017 so as to provide for interest on input tax credit wrongly availed and utilized at the notified rate of 18% p.a. (no interest will be levied if ITC is not utilized).
- Section 47 is proposed to be amended to provide for levy of late fee for delayed filing of TCS returns.

Payment of Tax

- Section 49 is proposed to be amended to allow transfer of balance available in Electronic Cash Ledger (ECL) of a registered person to the ECL of a distinct person (i.e. transfer between persons having same PAN number is allowed).

Refund

- Section 54 is proposed to be amended to prescribe time limit of 2 years (from existing 6 months) for claiming refund on inward supplies by the persons having unique identity number such as United Nations Organisations or any Multilateral Financial Institution, etc.

Customs

Board authorized to empower any customs officer to act as proper officer:

Last year, the Hon'ble Supreme Court, in the case of Canon India (2021 – TIOL – 123 – SC – CUS – LB.), had held that the officers of DRI do not have the jurisdiction to issue Show Cause Notice (SCN) as the Customs Act (Section 2 (34) read with Section 3 specifically) does not confer powers to the Board to assign the functions of proper officer to the officers of DRI.

Thus, to bring *resolution for the controversy pertaining to DRI's jurisdiction to issue SCN*, the following changes have been made:

Prospective Empowerment

- **Section 2(34)** (definition of proper officer) is amended to provide that assignment of functions of proper officer will be done by the Board or the Principal Commissioner of Customs or Commissioner of Customs, under the below mentioned newly inserted section 5(1A) and 5(1B);
- **Section 3** is amended to provide that officers of customs shall also include the officers of Customs (Preventive), Director General of Revenue Intelligence (DRI) and Customs (Audit);
- **A new Section 5(1A) and (1B)** is being introduced which Empowers the Board and the Principal Commissioner of Customs or Commissioner of Customs to assign functions of a proper officer to any officer of customs;
- **A new Section 110AA** is being introduced in pursuance of any proceeding/s under Chapter XIIA and XIII, if an officer of customs has reason to believe that inter alia duty has been short paid, this section empowers such officer to refer the matter (along with his report and relevant documents) for further action to the proper officer of customs.

Validation Clause 96 of the Finance Bill - Notwithstanding anything contained in any judgement, decree or order of any court, tribunal, or other authority, or in the provisions of the Customs Act, 1962, this clause seeks to validate the following:

- any functions performed by the officers of customs, as specified above in the amended Section 3; under certain specified Chapters of the Customs Act (including Chapter relating to the issuance of show cause notice under Section 28 of the Customs Act), prior to the passing of the Finance Bill, 2022 – thereby validating any show cause notice issued by the officers of DRI prior to the passing of the Finance Bill, 2022;
- notifications issued by the Board empowering any officer of customs to perform the functions of a proper officer, issued prior to the passing of the Finance Bill, 2022 - thereby validating earlier notifications issued by the Board under section 2(34) of the Customs Act to empower the officers of DRI, Audit to act as proper officers (to issue show cause notice);
- amendments in the above Section 2, 3 and 5 have been given retrospective effect by deeming them to be in force at all material times.

Measures to address valuation issues

Section 14 has been amended to empower the board to issue additional obligations / checks to be exercised for any class of importer whose value has not been declared truthfully or accurately, having regard to the trend of declared value of such goods or any other relevant criteria.

Amendment in the Advance Ruling Mechanism

Withdrawal of application – Section 28H (4) has been amended to allow the applicant to withdraw his application any time before the ruling is pronounced from the current thirty days period;

Validity of advance ruling – Section 28J (2) has been inserted to provide that advance ruling/s issued under the Customs Act will have a validity of *three* years from the date of ruling or till there is any change in the law or facts, on the basis of which ruling is pronounced; whichever is earlier.

(For ruling issued prior to the passing of the Finance Bill, 2022, these three years' limitation period will be calculated from the date on which the Finance Bill, 2022 receives the assent of the President)

Protection of import and export data – publication of data made punishable

New Section 135AA is being introduced to punish a person 'with imprisonment for a term which may extend to six months or with fine which may extend to fifty thousand rupees or both'; who publishes any information relating to the value or classification or quantity of goods which are exported from India or are imported into India, or the details of the exporter or importer of such goods, unless required so to do under any law for the time being in force or unless the publication is made by or on behalf of the Central Government.

Amendments in the Customs - Import of Goods at Concessional Rate (IGCR) of Duty Rules, 2017

To simplify and automate the process to claim benefit of a notification under the IGCR rules, below amendments have been carried out by eliminating the need for transaction based permissions and intimations,

- application to avail the benefit of the notification is to be made online on the customs portal in Form IGCR-1;
- on submission of the Form IGCR-1, an IGCR Identification Number (IIN) will be generated, which would have to be mentioned in the bill of entry, on the basis of which the assessing officer will allow the benefit of the notification;
- the importer will be required to submit a monthly statement on the common portal in the Form IGCR-3 by the tenth day of the following month;
- procedure has been specified for sending the goods to a job-worker, for a maximum period of six months for further processing; etc.

Changes in the Customs Tariff Act, 1975

A gist of the changes has been attached, please request us for the detailed changes.

Please refer the following link for changes in customs tariff rate:

<https://bit.ly/3L2q2OQ>

Separately, in the speech given by the Hon'ble Finance Minister Existing SEZ Act will be replaced with a new statute w.e.f. September, 2022 governing the same.

(As of now, the new statute has not been issued in public domain)

EXCISE LAW

Fourth Schedule Amended in Central Excise Act, 1944 - In the Central Excise Act, 1944 the fourth Schedule is amended, to substitute entries (relating thereto) in Chapter 27, in sub-heading 2710 12, for tariff items 2710 12 39 to 2710 12 49.

Notification No. 49/2008-Central Excise (NT) dated 24.12.2008 has been superseded by Notification no. 01/2022-CX (NT) - Notification No. 49/2008 provides for Retail Sale Price (RSP) based valuation for specified goods and prescribed an abatement as a percentage of retail sale price for such goods. This notification was issued under Section 4A of the Central Excise Act, 1944, which has been superseded by Notification No. 01/2022- Central Excise (NT) wherein the list to goods in the notification has been pruned to cover all such goods that are presently covered under Central Excise i.e. chewing tobacco, preparations containing chewing tobacco, jarda scented tobacco and pan masala containing tobacco.

Circular No. 1082/03/2022-CX dated 01.02.2022 - has been issued to ensure uniform implementation of Retail Sale Price (RSP) based valuation on notified goods, in accordance to Section 4A of the Central Excise Act, 1944.

Notification No. 01/2022-Central Excise dated 1st February, 2022 - In order to promote blending of Motor Spirit (commonly known as Petrol) with ethanol/methanol and blending of High Speed Diesel with bio-diesel, an additional Basic Excise Duty of Rs.2/- per litre on Petrol and Diesel, intended to be sold to retail consumers without blending, as confirming to (Bureau of Indian Standards) BIS classification, would be levied with effect from the 1 October, 2022.

Sector-Specific Proposals

Electronics: Customs duty rates to be calibrated to provide a graded rate structure - to facilitate domestic manufacturing of wearable devices, hearable devices and electronic smart meters.

Sitharaman announced duty concessions on parts of transformer of mobile phone chargers and camera lens of mobile camera module and certain other items – To enable domestic manufacturing of high growth electronic items.

Gems and Jewellery: Customs duty on cut and polished diamonds and gemstones being reduced to five percent; Nil customs duty to be imposed on simply sawn diamond. This will give a boost to the gems and jewellery sector of the country, the Finance Minister said.

Additionally, a simplified regulatory framework will be implemented by June this year to facilitate the export of jewellery through e-commerce.

Further, customs duty of at least Rs 400 per Kg will have to be paid on imitation jewellery import to disincentivise import of undervalued imitation jewellery.

Chemicals: Customs duty on certain critical chemicals namely methanol, acetic acid and heavy feed stocks for petroleum refining being reduced; Duty is being raised on sodium cyanide for which adequate domestic capacity exists – This will help in enhancing domestic value addition.

MSME: Customs duty on umbrellas being raised to 20 percent. Exemption to parts of umbrellas being withdrawn.

Exemption being rationalised on implements and tools for agri-sector which are manufactured in India

Customs duty exemption given to steel scrap last year extended for another year to provide relief to MSME secondary steel producers

Certain anti-dumping and CVD on stainless steel and coated steel flat products, bars of alloy steel and high-speed steel are being revoked – to tackle prevailing high prices of metal in larger public interest.

Exports: To incentivise exports, exemptions are being provided on items such as embellishment, trimming, fasteners, buttons, zipper, lining material, specified leather, furniture fittings and packaging boxes.

The Centre will be reducing duty on certain inputs required for shrimp aquaculture to promote its exports.

Tariff measures will be introduced to encourage the blending of fuel. Meanwhile, unblended fuel will attract an additional differential excise duty of Rs 2/ litre from 1 October 2022, to further encourage the blending of fuel.

Key Features

Key Features

Goals and four priorities

- Focus on growth and all inclusive welfare
- Promoting technology enabled development, energy transition and climate action
- Virtuous cycle starting from private investment, crowded in by public capital investment



I. PM GATISHAKTI

- Driven by seven engines: Roads, Railways, Airports, Ports, Mass Transport, Waterways, and Logistics Infrastructure.
- National Master Plan aimed at world class modern infrastructure and logistics synergy
- Formulation of Master Plan for expressways. Completing 25000 km national highways in 2022-23
- Unified Logistics Interface Platform allowing data exchange among all mode operators
- Open Source Mobility Stack for seamless travel of passengers
- 4 Multimodal Logistics parks through PPP to be awarded in 2022-23
- Integration of Postal and Railways Network facilitating parcel movement.
- One Station One Product
- Extending coverage under Kavach
- 400 new generation Vande Bharat Trains
- Multimodal connectivity between mass urban transport and railway stations
- National Ropeways Development Plan as sustainable alternative to conventional roads.
- Capacity building for infrastructure Projects

a) Agriculture and Food Processing

- Promoting chemical free natural farming starting with farmers' lands close to river Ganga
- Promoting post harvest value addition, consumption and branding of millet products
- Delivery of Digital and Hi-Tech services to farmers in PPP mode. Use of Kisan Drones to aid farmers.
- Launching fund with blended capital to finance agriculture start ups
- Implementation of Ken Betwa Link Project benefitting 9.1 lakh hectare farm land, providing drinking water to 62 lakh people and generating 130MW power.
- 5 more such projects under process of implementation

b) Education

- Universalisation of Quality Education
- One class One TV channel programme to be expanded to 200 TV channels
- Virtual labs and skilling e-labs to promote critical thinking skills and stimulated learning environment
- A Digital University will be established with world class quality universal education
- High quality e-content will be delivered through Digital Teach

c) Skill Development

- Digital Ecosystem for Skilling and Livelihood (DESH-Stack e-portal) will be launched to promote online training
- Startups will be promoted to facilitate Drone Shakti for Drone-As-A-Service

d) Health

- National Digital Health Ecosystem will be rolled out
- National Tele Mental Health Programme will be launched for quality counseling
- Integrated architecture: Mission Shakti, Mission Vatsalya, Saksham Anganwadi, and Poshan 2.0 to be launched
- Two lakh Anganwadis to be upgraded to Saksham Anganwadis

II. ALL INCLUSIVE WELFARE FOCUS

- Har Ghar, Nal Se Jal: 3.8 crore households to be covered in 2022-23
- PM Awas Yojana: 80 lakh houses to be completed in 2022-23
- PM-DevINE: To fund infrastructure and social development based on felt needs of the North East
- Aspirational Blocks Programme: For development of lagging blocks of aspirational districts
- Vibrant Villages Programme: Targeting development of villages on the Northern Border left out from the development gains
- Digital Banking by Post Offices: 100% of post offices to come on the core banking system
- Digital Payments: Scheduled Commercial Banks to set up 75 Digital Banking Units in 75 districts

✓ MSME

- Extending ECLGS with focus on hospitality and related enterprises
- Revamping CGTMSE
- Interlinking various portals
- Raising and Accelerating MSME Performance (RAMP) programme will be rolled out

III. Productivity enhancement and investment**Ease of Doing Business 2.0**

- Trust based governance
- Integration of central and state level systems through IT bridges
- Expanding scope of PARIVESH Portal
- Unique Land Parcel Identification Number for IT based management of land records.
- Establishing C-PACE to facilitate voluntary winding up of companies
- End to end online e-Bill System and utilising surety bonds in government procurement.
- AVCG promotion task force
- Support to 5G under PLI Scheme
- Opening up defence R&D for industry startups and academia

✓ Ease of Living

- Issuance of chip embedded e- Passports
- Modernisation of building byelaws, implementing Town Planning Schemes and Transit Oriented Development
- Establishing Centres of Excellence in urban planning
- Providing a battery swapping policy as an alternative to setting up charging stations in urban areas

IV. Financing of investment

- Public investment to continue to pump prime private investment and demand in 2022-23
- Introduction of Digital Rupee by RBI starting 2022-23
- Infrastructure status for Data Centres and Energy Storage Systems
- Measures to aid investment by Venture Capital and Private Equity Investment
- Green Bonds to mobilise resources for green infrastructure
- Blended Finance for sunrise sectors
- Providing greater fiscal space to states
- Enhanced outlay to Scheme for Financial Assistance to States for Capital Investment
- For 2022-23 States will be allowed a fiscal deficit of 4% of GSDP of which 0.5% will be tied to power sector reforms



“values that add value”



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