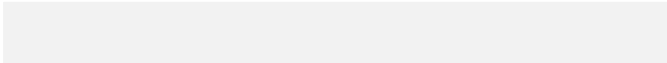




THE UNION BUDGET 2022

An Analysis Of Important Tax Proposals

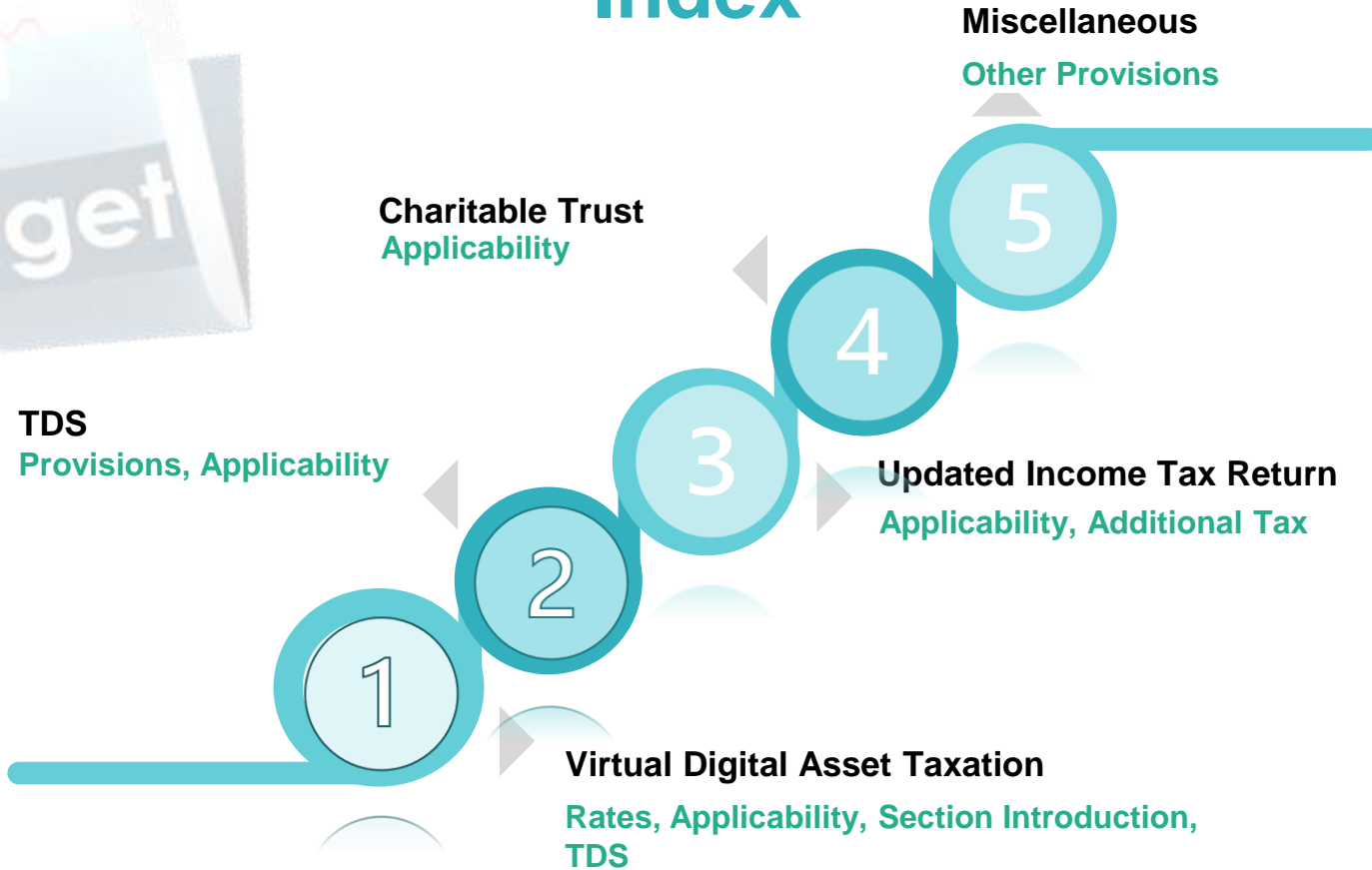
**JAIN SHRIMAL AND CO.
CHARTERED ACCOUNTANTS**





Income Tax Amendments

Index



No Change in Slab rate and deductions

Middle Class watching the Budget only for Income Tax Slab announcement.



Cap on Rates (Some relief)

Rates	Provision
15%	Surcharge on Long term capital gain covered u/s 112 and or surcharge on AOPs in consortium
15%	Alternate Minimum Tax (AMT) for Co-operatives is reduced from 18.5%.
7%	Surcharge for Co-operatives reduced from 12% for those whose income is above INR 1 Crore and upto 10 Crores . Surcharge at 12% of income exceeding Rs. 10 crore



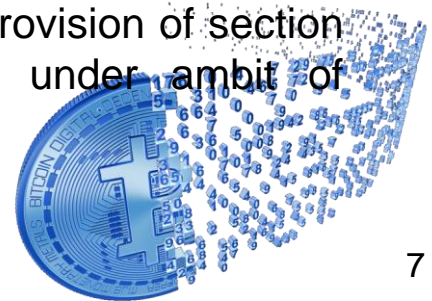


Virtual Digital Asset Taxation

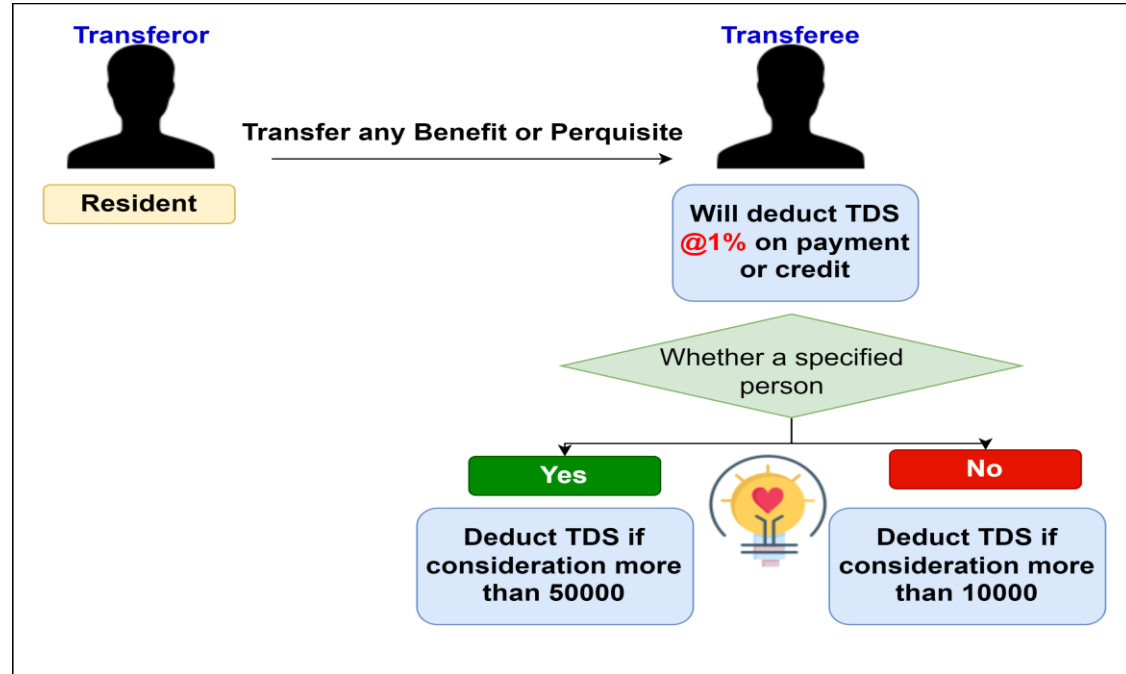


Virtual Digital Asset Taxation

- ⇒ Income from sale of virtual digital asset such as cryptocurrency, NFT etc would be taxed at flat **30%**.
- ⇒ Income would be calculated as sales consideration less cost of acquisition.
- ⇒ No other expenses would be allowed as deduction other than cost of acquisition. [Cost of acquisition has not been defined].
- ⇒ Loss from any other source **cannot be set-off** against income from virtual digital asset.
- ⇒ Loss arising from sale of virtual digital asset **cannot be set off** against any other income.
- ⇒ Loss arising from digital asset **cannot be carried forward**.
- ⇒ This amendment will be applicable from 01.04.2022, hence the taxability of income from digital asset is still open for interpretation for FY 2021-22.
- ⇒ Virtual digital asset has been covered under definition of property for provision of section 56(2)(vii) and hence gifting virtual digital asset will be covered under ambit of taxation.



TDS u/s 194S – For purchase of Virtual digital asset



Comments: As the identity of seller would not be known in case of sale of digital asset through an intermediary portal, in such case clarification from department would be required as to whether tax needs to be deducted of portal receiving the payment or by portal while making payment.

Definitions



Virtual Assets: “virtual digital asset” means—

- (a) any information or code or number or token (not being Indian currency or foreign currency), generated through cryptographic means or otherwise, by whatever name called, providing a digital representation of value 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 including its use in any financial transaction or investment, but not limited to investment scheme; and can be transferred, stored or traded electronically;
- (b) a non-fungible token or any other token of similar nature, by whatever name called;
- (c) any other digital asset, as the Central Government may, by notification in the Official Gazette specify

Definitions



Specified person” means a person,—

(a) being an individual or a 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 in which such virtual digital asset is transferred;

(b) being an individual or a Hindu undivided family, not having any income under the head “Profits and gains of business or profession”.

Crypto investors/ aggregator after the Budget

#Budget2022 #cryptocurrency





TDS Provisions

Section 206AB and 206CCA

(Special provision for TDS and TCS in case of specified persons at higher rates)



Particulars	Current Scenario	Amendments
Amendment in no. of years for which return needs to be filed	Earlier provision of section 206AB and 206CCA was applicable if a person has not filed Income tax return for both the assessment years.	After the amendment the limit of two years has been reduced to one year.
Non-applicability on provision of section 206AB and 206CCA	This section shall not apply where the tax is required to be deducted under sections 192, 192A, 194B, 194BB, 194LBC or 194N of the Act	This section shall not apply where the tax is required to be deducted under sections 192, 192A, 194B, 194BB, 194LBC or 194N 194IA , 194IB, 194M of the Act

Increase in base of section 194- IA

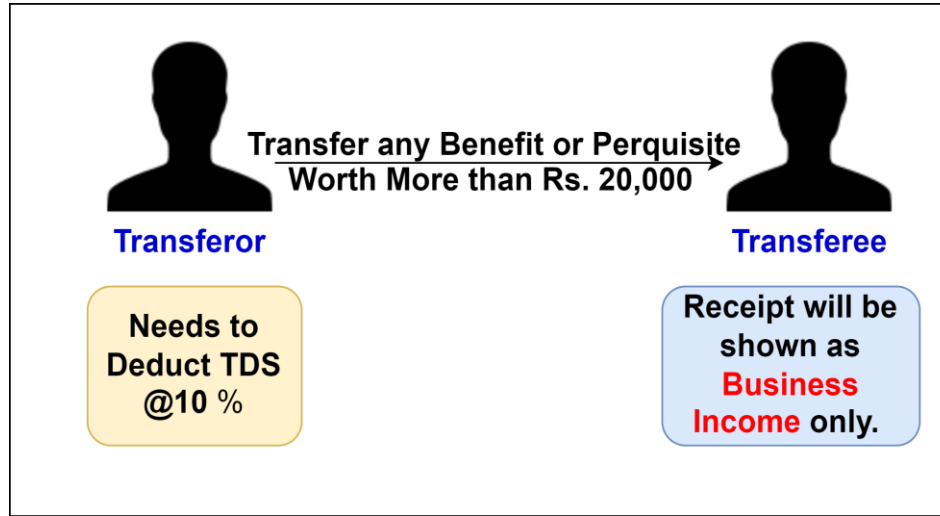


Current Scenario	Amendments
<p>TDS is to be deducted at the rate of 1% on consideration of transfer of immovable property where the amount of consideration of such property exceeds Rs. 50 lakh.</p>	<p>TDS is to be deducted at the rate of 1% on consideration of transfer of immovable property where the amount of consideration or the stamp duty value whichever is higher such property exceeds Rs. 50 lakh</p>

Comments: Although the amendment was brought streamline section 50C, 43CA and section 194-IA but the relaxation of variance between provision of section 43CA and section 50C has not be provided in section 194-IA and thus again creating a variance between all the sections.



New Section Of TDS u/s 194R



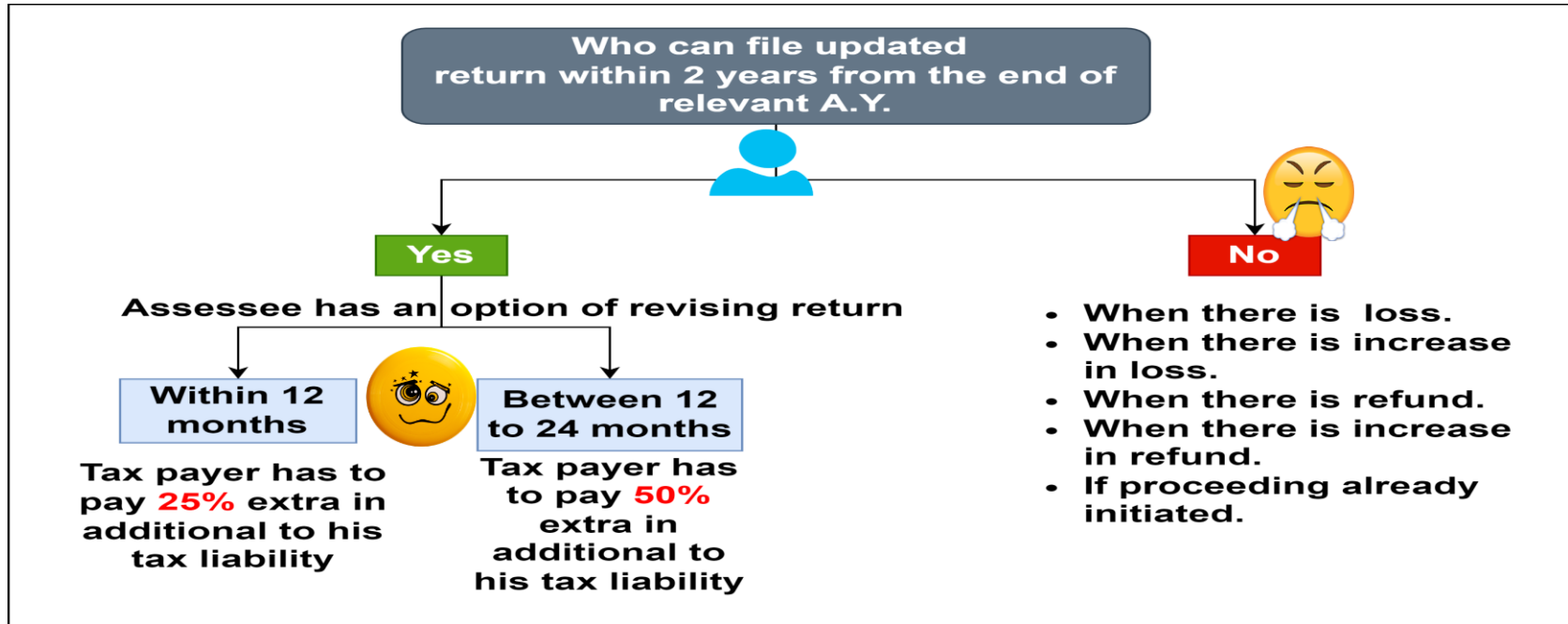
Major Takeaways:

- **Non-Applicability** : A individual or HUF whose total turnover < 1 Crore in case of Business or 50 Lakh in case of profession.
- This amendment could be a big issue for individual insurance agents and medical professionals who generally receive such benefits or perquisites and were not paying tax on same treating consideration received in kind as capital receipt.



Updated Income Tax Return

139(8A) :New provision for Filing of Updated Returns



Note : Any payment of additional tax while filing Return u/s 139(8A) needs to be paid u/s 140B of Income Tax Act 1961.

Interest u/s 234A, 234B and 234C and late fees u/s 234F will also be charged.



Charitable Trust

Charitable Trust and Other Institution

Particulars	Current Scenario	Amendments
Amendment in Requirement for maintaining Books of Accounts.	Earlier charitable trust and institution were required to get their Books of Accounts audited if the total income receipts exceeded maximum Amount not chargeable to Tax.	Charitable Trust and institution are now required to maintain books of accounts and also get their books of Accounts audited.
Penalty for passing on benefits to person covered under section 13(3)	No penalty	New section has been inserted u/s 271AAE where trust or institution registered u/s 12A/ 12AA making application of income for person covered u/s 13(3) will be liable for penalty amount equal to the amount applied for such person in first year and twice the amount applied in subsequent years.

Note : This Amendment is applicable for trust/ institution registered u/s 12A/ 12AA or 10(23C)

Charitable Trust and Other Institution

- ⇒ **Effect of section 13(3)** Amendment has been made under section 10(23C) whereby twenty first proviso to such section has been inserted whereby any amount applied for the benefit of person covered under section 13(3) shall be considered as income of such person in the previous year in which the amount has been applied.
- ⇒ **Time limit for passing of order of rejection of registration of trust or institution covered under section 12AB and 10(23C) by PCIT or CIT is as under:**

Such time limit has been prescribed under sub-section 5 of section 12AB explanation 1 to fifteenth proviso to section 10(23C) whereby the prescribed authority has to pass an order cancelling the registration of trust or institution within six months from the end of the quarter in which first notice was issued.



Miscellaneous provision

Cess And Surcharge not allowed as business Expenditure

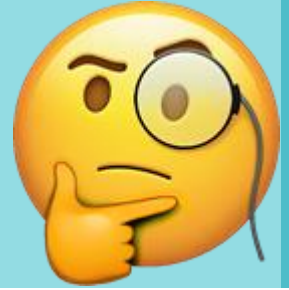


Current Scenario	Amendments
<p>Whether Cess or Surcharge to be allowed as expenditure u/s 40(a)(ii)?</p> <p>"Yes" based on few judgements passed by Courts in a various cases (Sesa Goa Limited Vs. JCIT, "Chambal Fertilizers & Chemicals Ltd Vs. JCIT etc) wherein it was considered as allowable expenditure .</p>	<p>In order to avoid misinterpretation and ambiguity, it is proposed that the term "tax" includes any surcharge or cess. This means that it shall not be deducted in computing the income chargeable under the head "Business Income".</p>

This clarification will take effect retrospectively from 1st April, 2005 and will accordingly apply in relation to the assessment year 2005-06 and subsequent assessment years. This would affect the cases which can be reopened under section 148 and other provision.



Miscellaneous Provisions



⇒ **Section 37: Clarification in relation to non-allowability of various expenses incurred by assessee:**

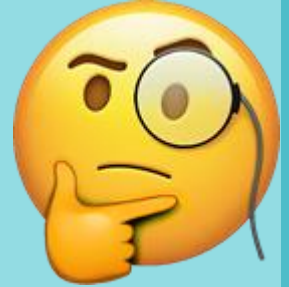
Expense for any purpose which is an offence under, or which is prohibited by, any law for the time being in force, in India or **outside India**; or

to provide any benefit or perquisite, in whatever form, to a person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person **is in violation of any law or rule or regulation or guidelines**, as the case may be, for the time being in force, governing the conduct of such person; or

to compound an offence under any law for the time being in force, in India or **outside India**;



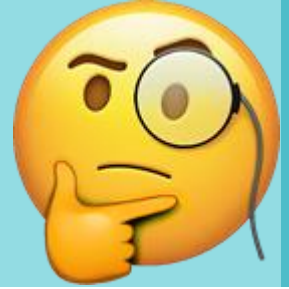
Miscellaneous Provisions



- ⇒ **Section 14A:** Clarification had been made that no deduction shall be allowed in respect of expenditure incurred by the assessee in relation to earning of **Exempt Income whether or not the exempt income has accrued arisen or received during the previous year.**
- ⇒ **Section 43B :** It is now clarified that conversion of interest payable into debenture or any other instrument by which liability to pay is deferred to a future date, **shall not be deemed to have been actually paid.** (Applicable **from AY 2023-24.**).
- ⇒ **Section 68:** Now in case of any sum received in form of loan and borrowing will be considered as explained if source of fund has been explained in hands of creditor and entry provider as compared to earlier where only creditworthiness and genuineness had to be proved. **However the provisions of this section shall not apply if the creditor is a well regulated entity, i.e., it is a Venture Capital Fund, Venture Capital Company registered with SEBI.**



Miscellaneous Provisions



- ⇒ **Section 79A:** New section has been inserted that no deduction of loss or unabsorbed depreciation shall be allowed against undisclosed income.
- ⇒ **Section 80DD:** Tax Relief on receipt of Annuity or Lumpsum amount during the lifetime of person after attaining the age of 60 to person with disability or Guardian on death of disabled person.
- ⇒ **Section 115BAB:** Due Date for setting of start-up increased from 1.04.2022 to 31.03.2023 and Due date for Starting up of Manufacturing unit increased from 31.03.2023 to 31.03.2024
- ⇒ **Section 17:** Title of this section has been changed from " Liability of Director of private company in liquidation" to " Liability of Director of private company" thus increasing the base of the section.

Summary of Budget 2022

Ma'am, anything for [#taxpayers](#) ?

"Yeah, Thank you for the contribution".

[#BudgetBytes](#) [#incometax](#)

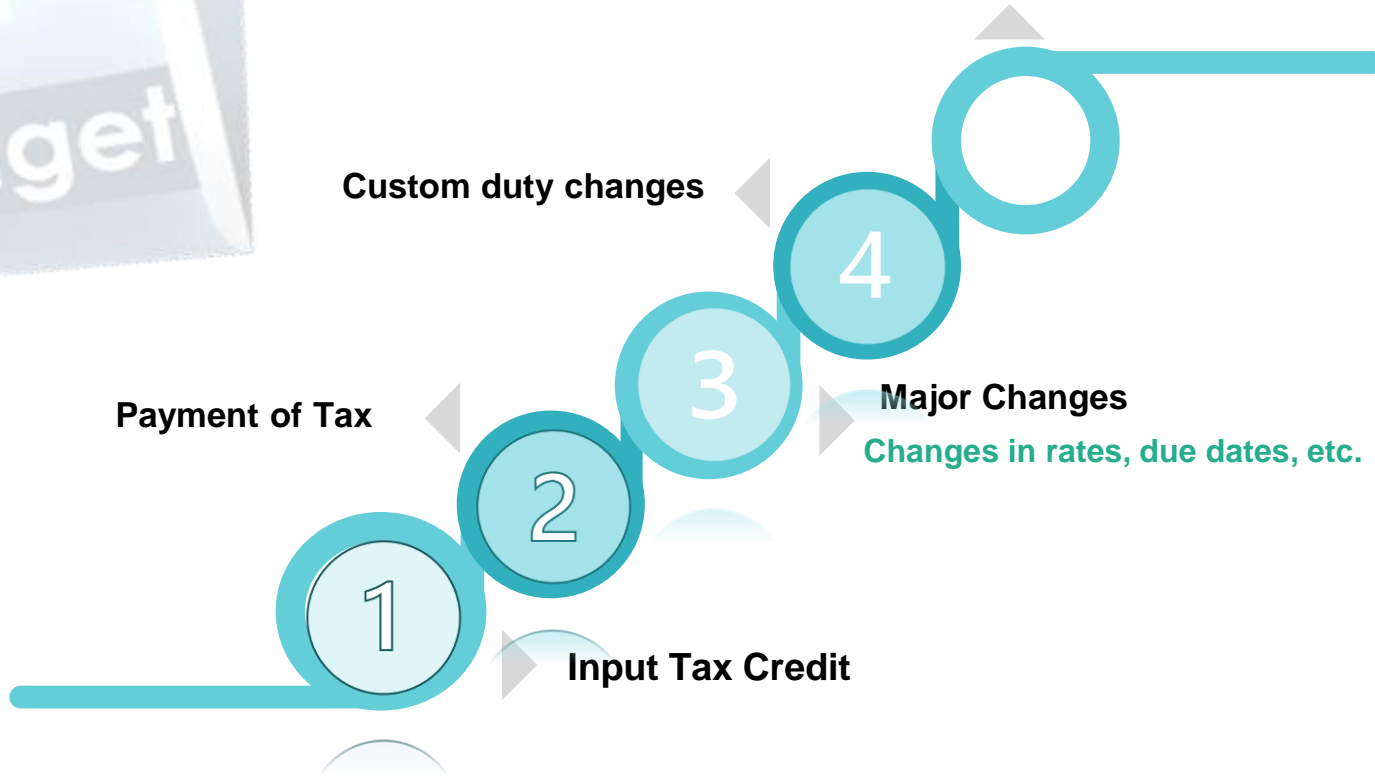
[#Budget2022](#) [#nifty50](#) [#BudgetSession2022](#)





GST Amendments

Index




A wooden number 1 is positioned on the left side of the slide, standing on a light-colored wooden surface. The background is a soft, out-of-focus gradient of light blue and beige. To the right of the number, the words "INPUT TAX CREDIT" are written in a bold, brown, sans-serif font, stacked vertically.


INPUT TAX CREDIT

Now, should I have to take credit to avail credit?

Major changes in Input Tax Credit

➤ Section 41 – Reversal of ITC

When the tax has not been paid by the supplier  - **ITC shall be reversed along with applicable interest,**

Afterwards , where the said supplier makes payment of the tax  re-avail the amount of ITC reversed by him.

- Section 38 has been substituted and an **auto-generated statement** containing the details of Input Tax Credit shall be made available electronically to the recipient of supplies furnished under section 37(1).



➤ **The auto - generated statement - a new headache**

It will consist of the following:

- a) Details of inward supplies in respect of which **ITC may be availed**.
- b) Details of inward supplies in respect of which **ITC cannot be availed** on account of details furnished by any registered person :-
 - i. within such period of registration ,
 - ii. Purchase from a person who is defaulter in payment of tax,
 - iii. Vendor mistakes in the output tax payable in GSTR1 > the output tax paid in GSTR3B,
 - iv. Vendor has availed credit > credit that can be availed in accordance with clause (a),
 - v. who has defaulted in discharging his tax liability,
 - vi. such other class of person as may be prescribed.

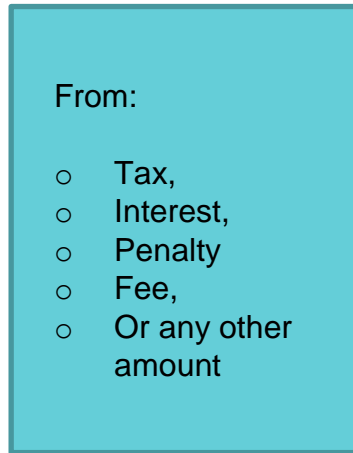


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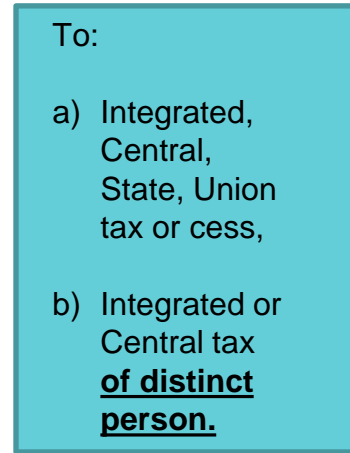
PAYMENT OF TAX

Payment of tax !!

- In section 49 (10) A registered person may transfer any amount in electronic cash ledger -



This transfer shall be **deemed to be refund**



No such transfer shall be allowed if said person has any unpaid liability in his electronic liability register. (For clause b)

- Section 49(12) - **Utilization of input tax credit for payment of output tax liability** – maximum proportion of ITC to be used - subject to conditions and restrictions – by a registered person or a class of persons (to be prescribed later)



Major Changes

Particulars	Current Scenario	Amendments
Section 16- Time Period of Availment of ITC for previous Year.	Earlier the date was 30th September of Next FY.	Now under sub-section 4 it has been substituted to “30th day of November” of Next FY.
Section 34- Time period of issuing of Credit Note for the Previous Year	Earlier the date was 30th September of Next FY.	Now under sub-section 2 it has been substituted to “30th day of November” of Next FY.
Section 37- Amendment in GSTR -1	Earlier the date was 30th September of Next FY.	Now under sub-section 2 it has been substituted to “30th day of November” of Next FY.
Section 52- Amendment on TCS Return	Earlier the date was 30th September of Next FY.	Now under sub-section 2 it has been substituted to “30th day of November” of Next FY.

Major Changes

Particulars	Current Scenario	Amendment
<p>Section 50- Amendment in Interest</p>	<p>A taxable person who makes an undue or excess claim of input tax credit or undue or excess reduction in output tax liability shall pay interest at such rate not exceeding 24%.</p>	<p>Now substituted to Where the input tax credit has been wrongly availed and utilized, the registered person shall pay interest at such rate not exceeding 24%.</p>
<p>Section 29(2)- Amendment in Cancellation</p>	<p>A) a person paying tax under section 10 has not furnished returns for three consecutive tax periods.</p> <p>B) any registered person, other than a person specified above has not furnished returns for a continuous period of six months.</p>	<p>A) Now it has been substituted to “the return for a financial year beyond three months from the due date of furnishing the said return”.</p> <p>B) Now it has been substituted to “such continuous tax period as may be prescribed”.</p>

Major Changes

Particulars	Current Scenario	Amendment
Section 54- Refund of tax – relevant date	NA	A). In case of zero-rated supplies to both - SEZ developer and SEZ unit where refund is available- The relevant date - is the due date for furnishing the return for such supplies

CUSTOM DUTY CHANGES



Custom duty changes

with effect from 2.2.2022

S.No.	Commodity	From	To
	Tariff changes of BCD (changes applicable from 2nd feb)		
A	Gems and Jewellery Sector		
1	Imitation Jewellery	20%	20% or Rs. 400/kg., whichever is higher
2	Simply Sawn Natural Diamonds imported under Kimberley Process Certification Scheme (KPCS)	Applicable Rate	NIL
3	Cut and Polished Diamonds	7.5%	5%
4	Cut and Polished Natural Gemstones	7.5%	5%
B	Paper		
1	Recovered (waste and scrap) paper or paperboard for use in manufacturing of paper, paperboard or newsprint	NIL	2.5%
C	Metals		
1	Iron and steel scrap, including stainless steel scrap [Exemption hitherto available till 31.3.2022 is being extended up to 31.03.2023]	NIL [upto 31.3.2022]	NIL [upto 31.3.2023]

Previous Budget Amendments applicable from 1st April, 2022



Previous Budget Amendments applicable from 1st April, 2022

Clarification on application of income for **Charitable Institution**

S.No.	Particulars	Provisions
1	Current Year Corpus Donation	If the amount received for corpus donation shall not considered as exempt if the amount is not invested in funds specified u/s 11(5)
2	Any corpus donation	Any amount applied out of corpus fund will not be considered as application of income. However when the amount not allowed as application above is invested in mode specified u/s 11(5) same shall be considered as application in the year of investment.
3	Loan	Any amount applied out of loan received by trust shall not be considered as application. However when the loan is repaid same will be considered as application.
4	Loss/ Excess application	In case of a charitable trust having excess application in one year same shall not be considered as application in next financial year.

Story after every budget

No. of economist in India

31st jan - 842

1st feb - 2,87,329

2nd feb - 3,34,569

3rd feb - 842

#Budget2022

Thank You



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