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BUDGET 2021

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SIGNIFICANT AMENDMENTS AND ANALYSIS OF THE DIRECT TAX PROPOSALS IN THE FINANCE BILL OF 2022.

The Union Budget 2021-22 was presented by the Hon'ble Finance Minister Nirmala Sitharaman on 1st February 2021 in the Parliament.

This year's Budget lays focus on the six pillars for reviving the economy

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

Several regulations around the securities market are proposed to be merged as a single code. Several direct taxes and indirect taxes amendments were also proposed. Let us first discuss the various direct tax proposals of this Budget.

DIRECT TAX PROPOSALS - BUDGET HIGHLIGHTS 2021

1) TAX RATES FOR AY 2021-22 & 2022-23

- **The Tax slabs & rates for Individuals has remain unchanged which are as under:**
 - **OLD REGIME (Optional)**

Income Limit	For AY 2021-22	For AY 2022-23
Up to Rs. 2,50,000	No Tax Liability on taxable income up to Rs.2,50,000	No Change in Slab Rates & Income limit for AY 2022-23
Rs. 2,50,001 to Rs. 5,00,000**	5% of taxable income exceeding Rs.2,50,000.	
Rs. 5,00,001 to Rs. 10,00,000	Rs. 12,500 + 20 % of taxable income exceeding Rs. 5,00,000	
Above Rs. 10,00,000	Rs. 1,00,000 + 30 % of taxable income exceeding Rs. 10,00,000	

** No tax on individual having taxable income upto Rs. 500,000 as a result of rebate of Rs. 12,500.



➤ **NEW REGIME (Announced in Union Budget of 2020)**

Income Limit	(Old Scheme)	New Scheme)
Up to Rs. 2,50,000	Exempt	Exempt
Rs. 2,50,001 to Rs. 5,00,000	5% **	5% **
Rs. 5,00,001 to Rs. 7,50,000	20%	10%
Rs. 7,50,001 to Rs.10,00,000	20%	15%
Rs.10,00,001 to Rs.12,50,000	30%	20%
Rs.12,50,001 to Rs. 15,00,000	30%	25%
Above Rs.15,00,00	30%	30%

**Income upto Rs. 5,00,000 will be eligible for Rebate and hence no tax will be payable.

- **For Resident Senior Citizens (assessee between the age of 60 years - 79 years)**

Income Limit	For AY 2021-22	For AY 2022-23
Up to Rs. 3,00,000	NIL	No Change in slab rates & income limit for AY 2022-23
Rs. 3,00,001 to Rs. 5,00,000	No Tax Liability on taxable income up to Rs.5,00,000 due to Rebate up to Rs.12,500	
Above Rs. 5,00,000	As per Slabs Above for the old/ new regime as the case maybe	

- **For Resident, Very Senior Citizens (assesses above 80 years of age)**

Income Limit	For AY 2021-22	For AY 2022-23
Up to Rs. 5,00,000	NIL	No Change in slab rates & income limit for AY 2022-23
Above Rs. 5,00,000	As per Slabs Above for the old/ new regime as the case maybe	

For AY 2021-22, a person can opt to pay Income tax either under the Old Regime or under the New Regime, as follows

- In case of no business income, option to be exercised every year; and
- In case of business income, option once exercised shall apply for all subsequent years. Facility is provided for withdrawing the option once and thereafter the taxpayer shall never be eligible to exercise the option

Exemptions/ deductions to be given up by the individual or HUF: (See Para 2)

- **Non filing of IT returns for Individuals above 75 years of age.(Change Clarification)**

It has been proposed to exempt the senior citizens from filing income tax returns if pension income and interest income are their only annual income source **provided** the following conditions are satisfied:-

- The senior citizen is **resident** in India and of the age of **75 years or more** during the previous year;
- He has pension income and no other income. However, in addition to such pension income he may have also have interest income from the **same bank** in which he is receiving his pension income;
- This bank is a specified bank. The Government will be notifying a few banks as specified banks; and
- He shall be required to furnish a declaration to the specified bank.

Section 194P has been newly inserted to enforce the banks to deduct tax on such income received by the senior citizens more than 75 years of age.

Once this is done, there will not be any requirement of furnishing return of income by such senior citizen for this assessment year.

This amendment will take effect from 1st April 2021.

- **Basic Rate for Firms & LLPs remain unchanged at 30%**
- **Basic Rate for Domestic Companies remains unchanged as under:**
 - **Old Regime (Optional)**

Particulars	Rate of Tax
Domestic Companies having Turnover up to Rs. 400 Crores in F.Y. 2018-19	25%
For Other Companies	30%

- **New Regime (Optional)**

- The tax rate is 15% for new manufacturing companies and 22 % for all existing domestic companies.

However, no deductions and exemptions can be claimed under the new regime (Refer clause 24).

The companies opting for such new tax regime would not be subject to MAT.

For other companies who opt for the old tax regime, such companies would be subject to tax rate on book profit under MAT provisions to 15% from 18.5%.

- **Basic Rate for Foreign Companies remain unchanged at 40%**
- **For a Co-operative Society**
Basic Income Tax Slabs and rates remain unchanged as under:

➤ **OLD REGIME (Optional)**

Income Limit	For AY 2021-22	For AY 2022-23
Up to Rs. 10,000	10 % of the Total Income	No Change in slab rates & income limit for AY 2022-23
Rs. 10,001 to Rs. 20,000	Rs. 1,000 + 20 % of income exceeding Rs. 10,000	
Above Rs. 20,000	Rs. 3,000 + 30 % of income exceeding Rs. 20,000	

➤ **NEW REGIME (Optional)**

Tax rate for co-operative societies as per the new regime under section 115BAD remains unchanged at 22%.

2) Surcharge

Surcharge remains unchanged as below:

- **Individuals, HUF, AOP & BOI**

Income Limit	Rates	
	AY 2021-22	AY 2022-23
Upto Rs. 50 Lakhs	NIL	No change in rate of surcharge for AY 2022-23
Rs. 50 Lakhs to Rs. 1 Crore	10%	
Above Rs. 1 Crore to Rs. 2 Crores	15%	
Above Rs. 2 Crore to Rs. 5 Crores	25%	
More than Rs. 5 Crores	37%	

- **Domestic & Foreign Companies**

Particulars	Domestic Company		Foreign Company
	Old Regime	New Regime	
Income exceeding Rs. 1 crore but not exceeding Rs. 10 crores.	7%	10%	2%
Income exceeding Rs. 10 crores	12%	10%	5%

- **Co-operative Societies, Firms & LLP.**

Surcharge remains unchanged at 12% on the total income exceeding Rs. 1 crore

- However, surcharge @ 25% or 37% shall not be levied on taxable income under section 111A, section 112A, section 115AD and on dividend income.

3) **Health and Education Cess:** Health and Education Cess shall continue to be levied at the rate of 4% of income tax including surcharge.

4) **Tax Audit Applicability:**

- Presently, tax audit is not required if turnover exceeds Rs. 1 crore but is less than 5 cores and cash receipts or payments do not exceed 5% of all receipts or payments.
- It is now proposed to increase the turnover limit from Rs. 5 crores to Rs. 10 crores.
- This amendment is applicable from AY 2021-22

5) **Reduction in time for IT Proceedings:**

- **Reassessment Proceedings:**

The reassessment procedure is now sought to be completely amended. The highlights of the new procedure are as under:

- A notice for assessment / reassessment / recomputation u/s 147 needs to be issued u/s 148 of the Act. It is now provided that the AO can issue such a notice only when he has information which suggests that any income chargeable to tax has escaped assessment.

- The Notice can be issued only with the prior approval of the specified authority.
- The information which suggests that any income has escaped assessments means:
 - i) Any information that has been flagged in the case of the assessee in accordance with the risk management strategy formulated by CBDT.
 - ii) Any final objection raised by the CAG to the effect that the assessment in the case of the assessee has not been made in accordance with the provisions of the Act.
- Before issuing the Notice u/s 148, the AO shall with the prior approval of the specified authority, conduct enquiries, if required, and provide an opportunity to the assessee of being heard. After considering the reply of the Assessee, the AO shall by way of an order, passed with the approval of the specified authority, decide whether it is a fit case for the issue of notice u/s 148. Such an order shall be served on the assessee along with the Notice.
- The time limit for issuance of the Notice u/s 148 shall be as under:
 - i) 3 years from the end of relevant assessment year where income escaping assessment does not exceed INR 50,00,000
 - ii) 10 years from the end of relevant assessment year where income escaping assessment exceeds INR 50,00,000
- The specified authority for approving the enquiries, passing of orders, issue of notices shall be:
 - i) Principal Commissioner or the Principal Director or Commissioner or Director of Income Tax where 3 years or less have elapsed from the end of the relevant assessment year.
 - ii) Principal Chief Commissioner or the Principal Director General or Commissioner or Director of Income Tax where more than 3 years have elapsed from the end of the relevant assessment year.
- Intimation u/s 143(1) can now be passed within 9 months (presently 12 months) from the end of the financial year in which the Return is filed.
- Scope of adjustments that can be made while passing intimation expanded to include incomes considered in Audit Report but not in the Income Tax Return filed by the assessee.

- Notice u/s 143(2) can now be served on the assessee within 3 months (presently 6 months) from the end of the financial year in which the Return is filed.
- From AY 2021-22 and onwards assessment proceedings to be completed within 9 months from the end of the assessment year in which the income was first assessable.
- Presently a belated or a revised return of income can be filed before the end of the assessment year i.e. on or before 31st March or before the completion of the assessment which is ever is earlier. It is now proposed to reduce the time limit allowed to file belated / revised returns by 3 months. Therefore, henceforth such belated / revised returns could be filed on or before 31st December or before the completion of the assessment which is ever is earlier.

6) No Depreciation on Goodwill:

- The term 'block of assets' has been amended to exclude 'goodwill of a business or profession'. There is corresponding amendment to Section 32 to provide that no depreciation will be available even if the goodwill has been paid for.
- Section 55 has also been amended to provide that in case goodwill has been paid for, then the said purchase price would be considered as the cost of such asset.
- It has also been provided that where depreciation has been claimed in the preceding years, the same will be reduced from / adjusted against the cost of such goodwill.

7) Slump Sale

- The definition of 'slump sale' has been amended to include transfer of undertaking for a non-monetary consideration also within the ambit of slump sale.
- Presently certain Courts have taken a view that Slump Sale provisions apply only where the sale consideration is in the form of monetary consideration and not to a case of exchange. Therefore, in order to bring a certainty, the present amendment is proposed.
- However, the mechanism for valuation of the non-cash consideration has not been provided and necessary clarifications in this regard are awaited

8) Rationalisation of MAT

- In case of a company, where there is an increase in the book profits of the company on account of income of the past year included in the book profit of the previous year due to any secondary adjustment under Transfer Pricing Provisions or due to advance pricing agreement:-
 - The AO is required to recompute the book profits and the tax payable of such past year or years.
 - The Assessee needs to apply u/s 154 to the AO for such re-computation.
 - The time limit of 4 years for making the rectification u/s 154 shall be computed from the end of the financial year in which the application is received by the AO.

- In case of Foreign Companies, while computing book-profits under MAT the amount of dividend received shall be excluded from such computation. Consequentially any expenditure incurred for earning such dividend income shall have to be added back.

9) Payment by employer of employees' contribution to a fund -

- Contributions towards PF, ESIC etc. received by the employer from his employees is considered as income of the employer if the same is not deposited by him within the due dates specified by the respective Fund.
- The Courts have been interpreting that the Employee Contribution to PF / ESIC etc. is also governed by Section 43B and accordingly the same should not be considered as income of the employer if the same are deposited by the employer before his due-date for filing the Income Tax Return.
- It is now proposed that employee contribution to any fund shall be required to be deposited within the due dates specified by the respective fund and provisions of section 43B shall not apply to employee contributions.

10) Taxability of interest on provident funds where income is exempt

- Clause (11) and clause (12) of section 10 of the Act provides for exemption of any amount accrued or received or balance becoming due and receivable respectively from a Provident Fund registered under Provident Funds Act, 1925 or from any other Provident Fund set up by Central Government by a notification in the Official Gazette. The said clauses were applicable to all individuals without any threshold on amount of contribution made / balance due receivable in the PF account.
- It is now proposed to insert a proviso to the above clauses, providing that the provisions of these clauses shall not apply to the interest income accrued in the previous year in the account of the person to the extent it relates to the amount of contribution made by the person exceeding Rs. 2,50,000/- in a previous year in that fund on or after 1st April, 2021. The manner of this calculation will be notified.
- Since the impact of taxation will not only be in the year in which such excess contribution is made but also in the subsequent years. In view of the same, it appears that the Fund will have to maintain 2 separate accounts one in respect of contributions upto ₹ 2,50,000 and the other for the excess contribution.

11) Taxation of sum received from high premium unit linked insurance policy (ULIP)

Presently premiums paid for ULIPs are eligible for deduction u/s 80C and the maturity proceeds as and when received are also eligible for an exemption u/s 10. The instrument has often been misused by High Networth Individuals by claiming a huge exemption by investing in such ULIPs. Hence the following amendments are proposed:

- Exemption under section 10(10D) shall not be available in case of any ULIP issued after 01.02.2021 where annual premium exceeds Rs. 2,50,000.
- Where any premium is payable by a person for more than 1 ULIPs issued on or after 01.02.2021, the exemption shall be available only for such policies where the aggregate premium does not exceed ₹ 2,50,000.
- However, amount received on death of a person will continue to be exempt under section 10(10D).
- ULIPs which are not exempt u/s 10 shall be liable to be taxed as capital gains from sale of equity-oriented fund and the special rate of 10% applicable to such funds shall also apply to ULIPs.
- Corresponding amendments are also made to provide for STT on maturity / partial withdrawal of ULIP which is not exempt u/s 10.

12) Exemption for LTC Cash Scheme

- In view of the situation arising out of outbreak of COVID-19 pandemic, the Government had announced tax exemption on cash allowance in lieu of LTC by way of a press release. It is now made part of the ITA.
- An employee will be eligible for deemed LTC fare (subject to maximum of Rs. 36,000 per person of the family) which will be exempt, on the fulfilment of the following conditions:
 - The employee purchases goods or services worth 3 times the deemed LTC fare between 12th October, 2020 to 31st March, 2021.
 - The goods or services attract GST of 12% or more. The payment should be made through digital mode.
 - The LTC is available once in the block period of calendar year 2018 to 2021.
- This amendment is applicable for AY 2021-22 only for the persons opting for OLD regime.

13) Deduction in respect of Interest on loan taken for a Residential House:

- It is proposed to amend the provision of section 80EEA of the Act to extend the outer date for sanction of loan from 31st March 2021 to 31st March 2022 so as to avail tax deduction up to Rs. 1,50,000 in respect of payment of interest on such loans.

14) Corpus Donation which is exempt

- Under the existing provisions of the Income-tax Act, 1961, corpus donations received by trusts, institutions, funds etc. are exempt u/s 11(1)(d) and u/s 10(23C) of the Act.
- It has been noticed that these entities claim the corpus donations as exempt from tax and at the same time, claim their application as part of the mandatory 85% application from income other than such corpus.
- In order to ensure that there is no double deduction while calculating application or accumulation, it has been proposed that:
 - Corpus donations shall need to be invested or deposited in one or more of the forms or modes specified in section 11(5) maintained specifically for such corpus.
 - Application out of corpus shall not be considered as application for charitable or religious purposes. 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. 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.
- No set-off or deduction of any excess application of any year preceding the previous year shall be allowed.

15) Profit Linked Deduction for Housing Project.

- Existing time limit of 31.03.2021 for approval of an affordable housing project is proposed to be extended by one year to 31st March 2022. Therefore, affordable housing projects approved on or before 31.03.2022 shall be eligible for a deduction of 100% of the profits from such projects.
- It is also proposed to extend the benefit of deduction of 100% of the profits to affordable rental housing projects in order to provide and promote rental housing particularly for migrant labourers.

16) Taxation of Income from Overseas Retirement Accounts:

- Currently there is mismatch in year of taxability in respect of income from overseas retirement account which was opened when taxpayer was a non-resident in India and resident of a notified country. In India income would be taxable on accrual basis and in notified country it would be taxable at the time of withdrawal or redemption. This resulted in hardship to the taxpayer
- It is proposed that income of such a person shall be taxed in the manner and in the year as may be prescribed by the Central Government

17) Advance Tax

- Presently, for payment of advance tax instalment, dividend income was required to be estimated.
- It is now proposed that while computing Advance Tax installments, dividend income shall be included only when the same is declared.
- This amendment is applicable from AY 2021-22.

18) TDS on Purchase of Goods



- W.e.f. 1st July 2021, the provisions of TDS shall be applicable to transactions for purchase of goods. The rate of TDS is prescribed at 0.1%. The Provision is applicable in the following circumstances:
 - turnover/sales/gross receipts of buyer for preceding previous year exceeds INR 10 crores
 - value of goods purchased exceeds INR 50 lakhs from a single seller
 - Where the Transaction is subject to TDS under some other provision, then the present provision shall not apply.
 - Where the Transaction is subject to TCS [(other than Section 206C(1H) – i.e. TCS on sale of goods], then the present provision shall not apply.
 - Where the PAN of the seller is not available the rate of TDS would be 5%.
 - Where both, Provisions of Section 194Q and 206C(1H) are applicable, the Provisions of Section 194Q would prevail and there would not be any requirement of TCS.

19) Higher Rate of TDS / TCS [Sec 206AB & Sec 206CCA]

- A new section is proposed to be inserted to provide for a higher rate of TDS / TCS in case of certain persons. The rate of TDS would be higher of the following:
 - Twice the applicable rates; or
 - 5%.
- The above provisions would be applicable under the following circumstances:
 - The higher rates would be applicable to a person who has not filed his return of income for 2 previous years and the due date for filing return of income has expired and where the aggregate amount of TDS / TCS is Rs. 50,000 in each of the 2 previous years.
 - Where the non-filer does not have a PAN the rate of TDS is 20%
 - TCS Provisions shall not apply in case of Non-Residents who do not have any PE in India.
 - Higher rate of TDS not applicable where TDS is for payment of salaries, payment of accumulated balance of PF, lottery / crossword puzzle / horse race winnings, income in respect of investment in securitization trust and cash withdrawal from bank.

20) Increase in Safe Harbour limit for home buyers

- Under the existing provisions of Section 43CA, where the consideration received or accruing as a result of the transfer of land or building or both, is less than the value adopted for the purpose of payment of stamp duty, the value so adopted shall for the purpose of computing profits and gains from transfer of such assets,



be deemed to be the full value of consideration. Similar provision exists in clause (x) of sub-section (2) of section 56 in case of any person receiving any immovable property for a consideration, which is less than the stamp duty value of the property by an amount exceeding Rs.50,000. The difference between purchase consideration and stamp duty value of the immovable property is taxable as income from other sources. In the sections, a variance of upto 10% of the consideration accrued or received is allowed.

- In order to boost the demand in real estate sector, an ordinance was promulgated to increase the said threshold limit from 10% to 20% on transfer of residential unit which satisfies the following conditions:
 - i) Transfer of residential unit takes place during the period 12th November 2020 to 30th June 2021;
 - ii) Transfer is by way of a first-time allotment of the residential unit to any person;
 - iii) The Consideration amount does not exceed Rs. 2 crores.

The ordinance is now made part of the Income Tax Act.

21) Vivad Se Vishwas Scheme.

Scheme has been extended from 31st January, 2021 to 28th February, 2022.

22) Extension of Date of Incorporation for Eligible Start-Up for Exemption and for Investment.

- Presently, for start-ups incorporated upto 31st March, 2021, deduction for profits was allowed for 3 consecutive years.
- It is now proposed to extend the outer date of incorporation by 1 year i.e. upto 31st March 2022.
- Similarly, the outer date for investment in start-up for claiming exemption from long term capital gains arising to an individual / HUF from sale of residential property (a house or plot of land) has been extended from 31st March, 2021 to 31st March, 2022.

23) Equalisation Levy

- Presently, exemption was available in respect of income arising from e-commerce supply of goods or services subject to equalisation levy from AY 2022-23
- It is now proposed to prepone such exemption from AY 2021-22.
- It is clarified, that equalisation levy will not be applicable in case of consideration received / receivable for specified services or for e-commerce supply of services if the same is taxable as fees for technical services or royalties as per the ITA read with DTAA. Consequently, exemption shall also not be available in such cases.



- It is clarified that online sale of goods and online provision of services shall include any one or more of the following activity taking place online
 - acceptance of offer for sale
 - placing the purchase order
 - acceptance of the purchase order
 - payment of consideration
 - supply of goods or provision of services partly or wholly
- It is proposed to also include the consideration received/receivable from e-commerce operator
 - whether e-commerce operator owns goods or not
 - whether services are provided by e-commerce operator or facilitated by e-commerce operator
- This amendment is applicable from AY 2021-22

24) Appeals before the Income Tax Appellate Tribunal to be faceless:

It is now proposed to introduce faceless proceedings before the Income Tax Appellate Tribunal in lieu of the physical submissions and face to face hearings.

25) Discontinuance of ITSC

- It is proposed that ITSC shall cease to operate from 1st February, 2021.
- For pending applications, Interim Board for Settlement will be constituted
- Proceedings pending before the ITSC are excluded from Vivad se Vishwas Scheme.

26) Deductions that would not be allowed if New Regime is opted.

- (a) Exemptions/ deductions to be given up by the individual or HUF-
- 10(13A) – House Rent Allowance
 - 10(5) – Leave travel Concession
 - 10(14) – Covers special allowance detailed in Rule 2BB (such as children education allowance, hostel allowance, transport allowance, per diem allowance, uniform allowance, etc.)
 - 10(17) – Income by way of Daily allowance / any other allowance received by MP, member of state legislature, etc.
 - 10(32) – Clubbing benefit of Rs. 1,500 per minor child
 - 10AA – Exemption to SEZ unit
 - Section 16 – Standard Deduction of Rs. 40,000
 - 24(b) – Interest on borrowed loan for a Self-Occupied property (rented property not covered)
 - 32(1) (iia) – Additional Depreciation

- 32AD - Investment Allowance for investment in Andhra Pradesh / Telangana / Bihar / West Bengal
 - 33AB - Tea / Coffee / Rubber Development allowance
 - 33ABA - Site Restoration Fund
 - 35(2AA) - deduction for Payment to National Laboratory or University or IIT
 - 35AD - Deduction in respect of specified business
 - 35CCC - Expenditure on agricultural extension project
 - 57(iia)- Family pension
 - Any deduction under chapter VIA (like Sec. 80C, 80CCC, 80CCD, 80D, 80DD, 80DDB, 80E, 80EE, 80EEA, 80EEB, 80G, 80GG, 80GGA, 80GGC, 80IA, 80-IAB, 80-IAC, 80-IB, 80-IBA, etc). However, deduction under Sec. 80CCD (2) (employer contribution on account of employee in notified pension scheme) and Sec. 80JJAA (for new employment) can be claimed.
- (b) No set-off of loss or depreciation from earlier years pertaining to deduction mentioned under point 1 and no set-off of house property loss with any other head of income.
- (c) Assessee shall not claim exemption or deduction for allowances or perquisite, by whatever name called, provided under any other law for the time being in force.
- (d) Assessee shall claim the depreciation, if any, u/s. 32 of the Act, other than additional depreciation u/s Sec. 32 (1) (iia), in such manner as may be prescribed.

INDIRECT TAX PROPOSALS - BUDGET HIGHLIGHTS 2021

1. Consequently, all mutual associations including co-operative housing societies, member's clubs, trade associations, professional associations etc. will be liable to GST on supply of goods or services to its members retrospectively from 1st July, 2017

2. **Additional Eligibility Condition for claiming ITC.**
 - It is proposed that taxpayer will be eligible to claim ITC on vendor's invoices or debit notes only if such invoice or debit note is declared by the vendor in its statement of outward supply (i.e. Form GSTR-1)

 - Taxpayer will not be entitled to claim ITC until the vendor files Form No GSTR 1 reflecting above referred Invoice or Debit Note

3. **GST Audit By Chartered Accountant Or Cost Accountant Abolished**
 - It is proposed to omit the requirement of certifying reconciliation statement in Form GSTR 9C ('GST Audit') by a Chartered Accountant or Cost Accountant.
 - The information required to be furnished in Form GSTR 9C will be merged with Annual Return in Form GSTR 9. This information will have to be self-certified by the taxpayers

4. **Interest will be computed on Net Tax liability - Clarified**
 - It was proposed that interest will be leviable on net tax liability (i.e. after setting off Input Tax Credit) and not on gross tax liability with effect from 1st July, 2017.

5. **All supplies to SEZ will not qualify as zero rated supply**
 - Supply of goods or services to SEZ shall qualify as zero rated supplies only if such supply is to be used for authorised operations by SEZ unit or SEZ developer.

6. **Refund liability with interest- Export proceeds not realised within time.**
 - It is proposed that supplier exporting goods without payment of tax shall be liable to pay back refund received by him on failure to realise the export proceeds within the time prescribed under FEMA.
 - Such amount shall be paid along with applicable interest within 30 days of expiry of time period prescribed under the FEMA.

7. **Pre-Deposit in Detention and Seizure Cases**
 - Presently, any appeal (including in case of detention and seizure) to appellate authority can be filed on payment of 10 % of disputed tax dues (excluding demand for interest and penalty).
 - It is proposed that in detention and seizure cases, appeal to appellate authority shall be admitted only upon payment of 25% of penalty.



Companies Act 2013 Proposals - BUDGET HIGHLIGHTS 2021

- Proposal to change the definition of Small Company under the Companies Act, 2013 by increasing threshold of paid-up share capital from Rs. 50,00,000 to Rs. 2,00,00,000 and turnover from Rs. 2,00,00,000 to Rs. 20,00,00,000.
- Proposed to change residency limit to 120 days from 180 days for One-Person Companies (OPCs). Further, removal of restrictions on paid-up share capital and turnover for incorporating OPCs, allowing their conversion into any other type of company at any time and permitting NRIs to set up OPCs.
- Proposal to launch MCA 21 website -Version 3.0 for e-scrutiny, e-adjudication and simplifying compliances.



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