BREAKING DOWN THE 2022 UNION BUDGET

RNM INDIA

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UNION BUDGET 2022

RNM India

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FOREWORD

CA RAGHU MARWAH
CEO

The Budget speech for financial year 2022-23 by the Hon'ble Finance Minister Mrs. Nirmala Sitharaman announced on 1st February 2022 was not only special due to the fact that it did not tinker with the headline tax rates, neither individual nor corporate rates, but for announcing confidently the entry of India into the elite list of countries which have their own Central Bank Digital Currency (CBDC) based upon blockchain technology called 'Digital Rupee' and a tax framework recognizing Cryptocurrency, NFTs and other digital assets. Team RNM has therefore set the theme for this 'Breaking down the 2022 Union Budget' as Digital Currency.

With one of the youngest populations in the world, the number of users of Web 3.0, metaverse and blockchain is likely to see the biggest adoption and problem solving thru technology taking place in India. The Digital Rupee slated to be issued by the Reserve Bank of India during financial year 2022-23, is likely to spur trade and commerce in this new digital world of our children. With the tax law now defining and taxing "virtual digital asset" transactions, the uncertainty of a midnight clamp down of crypto currencies is finally put to bed. Cypto startups can now confidently chart their future without risk and founders no longer need to shift base to more favourable jurisdictions overseas. This is a major thumbs up for ease of Doing Business in India.

The fiscal deficit of 6.4% projected for 2022-23 is reasonable considering the covid spending and large capex expenditure proposed. Although, the government is enjoying the better than expected revenue inflow from GST, the fact remains that the largest section of the Expenditure budget of 20% is going towards interest cost servicing of government debt.

We must go forth with Gati Shakti in our own way to achieve the vision of Prime Minister Modi of achieving the 3S i.e. Skill, Scale and Speed.

Jai Hind !

Finance Bill 2022 – Income Tax Act 2022

Amendments made by the Finance Act 2022 to the Income Tax Act 2022 summarized. Sections ("sec") refer to the provisions of the Income Tax Act, 1961 ("Act").

1. Rates of Income Tax:

A. Personal Tax Rates/ Slabs

Tax impact of the same can be summarized as under:

CATEGORY OF TAX PAYERS	INCOME	EXISTING TAX RATE	
		OPTION-1	OPTION-2 (Section 115AC)
INDIVIDUALS	Up to Rs.2,50,000	Nil	Nil
	Rs. 2,50,001 to 5,00,000	5%	5%
	Rs. 5,00,001 to 750,000	20%	10%
	Rs. 750,001 to 10,00,000	20%	15%
	Rs. 10,00,001 to 12,50,000	30%	20%
	Rs. 12,50,001 to 15,00,000	30%	25%
	Above Rs. 15,00,001	30%	30%
SENIOR CITIZENS	Up to Rs.3,00,000	Nil	Nil
	Rs. 3,00,001 to 5,00,000	5%	5%
	Rs. 5,00,001 to 750,000	20%	10%
	Rs. 750,001 to 10,00,000	20%	15%
	Rs. 10,00,001 to 12,50,000	30%	20%
	Rs. 12,50,001 to 15,00,000	30%	25%
	Above Rs. 15,00,001	30%	30%
VERY SENIOR CITIZENS	Up to Rs.5,00,000	Nil	Nil
	Rs. 5,00,001 to 750,000	20%	10%
	Rs. 750,001 to 10,00,000	20%	15%
	Rs. 10,00,001 to 12,50,000	30%	20%
	Rs. 12,50,001 to 15,00,000	30%	25%
	Above Rs. 15,00,001	30%	30%

There is no change in existing rate of tax for individuals as mentioned the above slab rate.

- **Cess:** The existing rate applicable till AY 2021-22 of Cess @ 4% (E.C 1% + SHEC 2%+ HC 1%) remains same.
- **Surcharge:** The existing surcharge rate applicable till AY 2021-22 for both resident and non- resident remains same as follows:

Same rates are applicable for charging tax, deducting taxes and payment of advance tax under various sections.

Sl. No.	Income Range	Rate of Surcharge (% on income tax)
1	Exceeding 50 lakhs but upto 1 crore	10%
2	Exceeding 1 crore but upto 2 crores	15%
3	Exceeding 2 crores but upto 5 crores [Excluding dividend & income chargeable under section 111A, 112 & 112A]	25%
4	Exceeding 5 crores [Excluding dividend & income chargeable under section 111A, 112 & 112A]	37%
5	Exceeding 2 crores [Including dividend & income chargeable under section 111A, 112 & 112A] *If not covered in Sl. No.3 & 4*	15%

B. Co-operative Societies :

Sl.No.	INCOME	TAX RATE
1.	Upto Rs. 10,000	10%
2.	Between 10,000 to 20,000	20%
3.	Exceeding 20,000	30%

There is no change in existing rate of tax as mentioned the above.
Surcharge has been reduced from 12% to 7% if the Income is in excess of Rs. 1 crore to less than Rs. 10 crore

C. Firms :
In the case of firms, the rate of income-tax is 30% as specified in Paragraph C of Part III of the First Schedule to the Bill. This rate will continue to be the same as for AY 2023-24 (F.Y 2022-23). There is no amendment for the above in Finance Bill 2022.

D. Local Authorities
In the case of Local authorities, the rate of income-tax is 30% as specified in Paragraph D of Part III of the First Schedule to the Bill. This rate will continue to be the same as for AY 2023-24 (F.Y 2022-23). There is no amendment for the above in Finance Bill 2022.

E. Companies
In the case of companies, the rate of income-tax is same as specified in Paragraph E of Part III of the first schedule to the bill.

Sl.No.	Category of Companies	Total Turnover /Gross Receipt P.Y. 2019-20	Rate
1.	Domestic Company	Upto 400 crores	25%
		Exceeding 400 Crores	30%
2.	Other than Domestic Company	40% (The rate of taxes are the same as those specified for the AY 2021-2022)	

It is further elaborated as under:

Company	Normal rates	Section 115BAA	Section 115BAB
Domestic, Turnover < 400cr	25%	22%	15%
Domestic, Turnover > 400cr	30%	22%	15%

Surcharge:

Company	Turnover	Surcharge
Domestic	Exceeds 1crore	7%
Domestic	Exceeds 10crore	12%
Domestic (opted for section 115BAA and 115BAB)		10%
Other than domestic	Exceeds 1crore	2%
Other than domestic	Exceeds 10crore	5%

Health and educational cess: 4% of Income tax plus surcharge and Marginal relief is provided is surcharge in all cases.
These rates will continue to be same in AY 2023-24 (F.Y 2022-23).

2. Other Major Amendments:

- **Disallowance u/s. 14A applicable in case no exempt income earned during the year (Section 14A)**
  In order to make the intention of legislation clear, it has been proposed to insert explanation to this **section 14A** of the Act to clarify that 14A disallowance shall be applicable even if no exempt income has been accrued or received during the previous year (w.e.f. 01st April, 2022).

- **Reimbursement of Medical Expenditure incurred by employee on COVID-19 treatment (section 17 & 56(2)(x)):**
  Reimbursement made by employer to employee on medical expenditure incurred for treatment of COVID-19 shall not fall in the preview "perquisite" under section 17 and ex-gratia paid shall not be subject to tax u/s. 56(2)(x) of the Act subject to such condition, as may be notified by central Government, shall not be forming part of "perquisite"(w.e.f 01st April,2020)

- **Clarifications on allowability of expenditure under section 37 :**
  There has been controversy in relation to deductibility of the expenses related to gift/other benefit given to medical practitioners, the same has now been clarified under section 37 of the Act, that no such deduction shall be allowed (w.e.f. 01st April, 2022).

- **Education Cess and Surcharge shall not be allowable as deduction (Section 40)**
  Earlier there has been litigation on the issue of claim of deduction on account of payment of Education Cess & Surcharge and various courts have held that deduction shall be allowed. However, it's been clarified under section 40 of the Act, that no deduction shall be allowed. (Applicable retrospective w.e.f 1st April 2005)

- **Extension of date of incorporation for eligible start up for exemption and for investment in eligible start-up (Section 80IAC)**
  In order to grant the eligibility for start-ups deduction, year of incorporation of entity has been extended from 31st March 2022 to 31st March 2023.

- **Insertion of Section 115BBI**
  The following income of fund, institution referred u/s 10(23C) shall be taxable at special rate of 30% w.e.f. 01st of April, 2023 i.e. AY 2023-24-
  a) Part of income which has been applied in violation to provisions of the Act
  b) If any income has been applied directly or indirectly for person referred u/s 13(3), such income shall deem to be the income of such person in such year in which it is applied.
  c) Part of income which has been not been invested in specified modes
  d) Income accumulated which has not been utilized or used for the purpose for which it was accumulated or set apart shall deem to be income of previous year in which such amount was accumulated or set apart

- **Rationalization of provisions of Sec 10(23C) and Sec 12AA/AB**
  In order to rationalize the provisions of Sec 10(23C) and Sec 12AA/12AB, following amendments are proposed-
  a) Where the total income of trust referred u/s 10(23C) exceeds the maximum amount which is not chargeable to tax in any previous year, it is required to get its accounts audited. Further, such trust or institution shall keep and maintain books of accounts and other documents as may be prescribed (w.e.f. AY 2023-24)
  b) Income accumulated which has not been utilized or used for the purpose for which it was accumulated or set apart shall deem to be income of previous year in which such amount was accumulated or set apart
  c) For computing the period of 5 years, the period during which the income could not be applied for the purpose for which it is so accumulated or set apart, due to an order or injunction of any court, shall be excluded.

- **Extension of time period for commencement of manufacturing u/s 115BAB**
  Amid the economy recovering from Covid-19, the time period for commencement of manufacturing or production of an article or thing has been extended from 31st of March,2023 to 31st of March,2024.

- **Dividend received from Foreign Company tax at par with the Domestic Company (Section 115BBD)**
  Since dividend was made taxable in the hands of unitholders, therefore, Section 115BBD, relating to tax payable by foreign company on payment of dividend, has been revoked w.e.f. 01st of April, 2023.

- **Bonus Stripping now taxable (Section 94)**
  The provisions of bonus stripping shall now be applicable to securities and units where units include units of Infrastructure Investment Trust (InvIT), Real Estate Investment Trust (REIT) and Alternative investment Funds (AIFs)

- **Amendment in Search & Seizer of Books of Accounts (Section 132B & 132)**
  It is proposed to amend section 132(8) of the Act to align the provisions with respect to the retention of books of account seized by the specified authority not more than 30 days from the date of order passed under section 143(3) or section 144 or section 147 of the Act **[Section 132] w.e.f. 01.04.2022**

  It is proposed to extend the scope of recovery of the liability determined under section 153A of the Act to the liability determined on order passed under assessment or reassessment or recomputation from asset seized. **[Section 132B] w.e.f. 01.04.2022**

  Revision of Income Tax Return Re-introduced as Updated Tax Return (Section 13(8A):
  • It is proposed to introduce a new sub-section (8A) in section 139 to provide for furnishing of updated return under the new provisions within twenty four months from the end of the assessment year except in certain cases as laid down in the provision to the subsection.

  • Individual taxpayers will not be able to use this facility if the updated return leads to lesser total tax liability or income tax refund or increase in income tax refunds for income tax return originally/revised filed.

  • It has also been proposed to amend sub-section (9) of section 139 to provide that a return filed under the proposed sub-section (8A) of the said section 139 shall be defective unless such return is accompanied by the proof of payment of tax as required under the proposed section 140B of the Act.

- **Tax on updated return [Section 140B] w.e.f 1st April, 2022**
  The additional tax payable at the time of furnishing the return under sub-section (8A) of section 139 shall be equal to :
  i) 25% of aggregate of tax and interest payable after taking credit of prepaid taxes, rebate etc., if such return is furnished after expiry of the time available under section 139(4) of 139(5) of the Act and before completion of the period of 12 months from the end of the relevant assessment year; or
  ii) 50% of aggregate of tax and interest if such return is furnished after the expiry of 12 months from the end of the relevant assessment year but before completion of the period of 24 months from the end of the relevant assessment year.

- **Conducting inquiry, providing opportunity before issue of notice under section 148. [Section 148A] w.e.f. 01.04.2022**
  It is proposed to amend section 148A of the Act to omit the requirement of approval of specified authority for providing opportunity of being heard to the assessee. [Section 148A]
  It is proposed to that provisions of Section 148A shall not apply Assessing Officer has received any information regarding the scheme notified under section 135A, pertaining to income chargeable to tax escaping assessment for any assessment year in the case of the assessee.

- **Rationalization of provisions relating to reassessment [Section 148] w.e.f. 01.04.2022**
  No requirement to obtain approval from the specified authority for reopening of assessment proceedings under section 148 of the Act if the AO has passed order under section 148A(d) of the Act
  It is proposed to amend Explanation 1 to section 148 to widen the scope for issuing notice under section 148 by including audit objection, information received from a foreign jurisdiction under an agreement or directions contained in a court order, information received under a scheme notified under section 135A etc. as information under for making the assessment, reassessment or recomputation under section 147 of the Act

- **Widening the scope of issuance of notice under section 148 [Section 149] w.e.f. 01.04.2022**
  It is proposed to amend Section 149 of the Act to widen the scope of issue of notice under section 148 of the Act for 10 years from the end of relevant assessment year to include the income chargeable to tax represented in the form of expenditure in respect of a transaction or in relation to an event or occasion;, an entry or entries in the books of account which has escaped assessment amounts to or is likely to amount to 50 lakh rupees or more for that year

It is proposed to insert new subsection to provide that where the income chargeable to tax of the value referred to in 149(1)(b) has escaped assessment and the investment in such asset or expenditure in relation to such event or occasion has been made or incurred, in more than one previous years relevant to the assessment years within the period referred to in clause (b) of sub-section (1), notice under section 148 shall be issued for every such assessment year for assessment, reassessment or recomputation, as the case may be. [Section 149(1A)]

- **Section 148B w.e.f. 01.04.2022**
  It is proposed to insert new section to provide that no order of assessment or reassessment or recomputation under the Act shall be passed by an 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.

- **Time limits for completing assessments [Sec 153,153B] w.e.f. 01.04.2021**
  It is propose to insert a new clause to provide for exclusion of the period of limitation for the purpose of assessment, reassessment or recomputation, (not exceeding 180 days) commencing from the date on which a search is initiated under section 132 or a requisition is made under section 132A and ending on the date on which the books of account or other documents, or any asset seized under section 132 or requisitioned under section 132A, as the case may be, are handed over to the AO having jurisdiction over the assessee, in whose case such search is initiated or such requisition is made or to whom the asset seized or requisitioned belongs to or to whom any books of account or documents seized or requisitioned

- It is proposed to amend section 153B, by inserting a new clause to provide for exclusion of the period (not exceeding 180 days) commencing from the date on which a search is initiated under section 132 or a requisition is made under section 132A and ending on the date on which the books of account or other documents, or any money, bullion , jewellery or other valuable article or thing seized under section 132 or requisitioned under section 132A, as the case may be, are handed over to the Assessing Officer having jurisdiction over the assessee, in whose case such search is initiated under section 132 or such requisition is made under section 132A.

- **Widening the scope of Section 278A and 278AA w.e.f. 01.04.2022.**
  Sections 278A and 278AA are related to punishment with prosecution against persons for failure to deposit TDS to the credit of Central Government. However, similar provisions for offence with respect to TCS were not there. Therefore, it is proposed to include section 276BB (prosecution for failure to credit TCS to the

credit of Central Government) under sections 278A and 278AA owing to the similar nature of offences that are punishable under section 276B and section 276BB.

- **AO to pass an order giving effect in conformity with the order by DRC (w.e.f 1st April, 2022)**
  It is proposed to insert a new sub-section to section 245MA to enable Assessing Officer to pass an order giving effect to the resolution of dispute by the DRC constituted for specified persons also. The AO shall pass the final order in conformity with the order by the DRC within a period of one month from the end of the month in which such order is received.

- **Authority defined to revise the order of the TPO u/s 263 (w.e.f. 1st April, 2022)**
  Section 263 is proposed to amend to assign the jurisdiction to Principal Chief Commissioner or the Chief Commissioner to call for and examine the record of any proceeding under the 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.

- **Furnish of modified return in case of Business reorganization. [Inserted section 170A w.e.f. 01st April, 2022]**
  In case of business reorganization by virtue of order of High court or tribunal or an Adjudicating authority as defined under Insolvency and Bankruptcy Code, 2016, where any return of income has been furnished by the successor under the provisions of section 139 for any assessment year to which such order applies prior to the date of order, such successor shall within a period of six months from the end of the month in which such order was issued furnish a modified return.

- **Liability of directors of private company [Section 179 w.e.f. 01st April, 2022]**
  Where any tax is due on income from any private company or a company which is not private but was private during the period for which tax is due then every director of the company shall be jointly and severally liable for the payment of such taxes. Before amendment the liability was attributable only in case of private company under liquidation, through amendment scope of section has been widen to include the private companies which are not in liquidation.

- **TDS on payment for immovable property other than agricultural land [Section 194-IA w.e.f. 01st April, 2022]**
  In case of transfer of immovable property other than agriculture land, TDS is to be deducted by the transferee (purchaser) at the rate of 1% of the amount of the consideration or the stamp duty value whichever is higher.

- **TDS on payment of rent by individuals or HUF in case of non-furnishing of PAN [Section 194-IB w.e.f. 01st April, 2022]**
  In case of payment of rent by individuals or HUF, PAN has not been furnished, TDS is to deducted at the rate higher of,
  (i) At the rate specified
  (ii) At the rates in force
  (iii) At the rate of 20%
  Such deduction shall not exceed the amount of rent payable for the last month of the year or the tenancy.

- **TDS on benefit of perquisite in respect of business or profession [Section 194R inserted]**
  In case a person providing any benefit or perquisite to a resident person, convertible into money or not, arising out of business or profession exceeds the aggregate value of Rs. 20,000/- during the year shall deduct TDS at the rate of 10% on the aggregate value of such benefit or perquisite.(w.e.f 1st July 2022)

- **Deduction of TDS and collection of TCS in case of non-filers of ITR**
  In order to widen and deepen the tax base it is proposed to reduce the requirement of two years to one year in case of deduction of TDS or TCS in case of non-filers of return.

- **Section 80CCD Incentives to National Pension System (NPS) subscribers for state government employees**
  Increase in the limit of deduction under section 80CCD of the Act from the existing ten per cent to fourteen per cent in respect of contribution made by the State Government to the account of its employees. (Applied retrospectively from 01.04.2020)

- **Section 80DD Condition of releasing of annuity to a disabled person**
  To allow the deduction under the said section also during the lifetime, i.e., upon attaining age of sixty years or more of the individual or the member of the HUF in whose name subscription to the scheme has been made and where payment or deposit has been discontinued. Further, it is proposed that the provisions of sub-section (3) shall not apply to the amount received by the dependent, before his death, by way of annuity or lump sum by application of the condition referred to in the proposed amendment. W.e.f. 01.04.2023

- **Set off of loss in search cases – Amendment in the provisions of Section 79A of the Act w.e.f. 01st April, 2022**
  It is proposed to insert a new section 79A in the Act which provides that consequent to any search conducted in section 132 or a requisition made under

section 132A or a survey conducted in section 133A (other than sub-section 2A of section 133A) in respect of total income which includes undisclosed income, the following shall not be allowed as deduction in relation to undisclosed income:-
A) Any expenses incurred in relation to undisclosed income
B) Any loss whether brought forward or otherwise
C) Unabsorbed depreciation under sub-section (2) of section 32.

- **Commissioner (Appeals) to levy penalty for non-compliance among tax payers (w.e.f 1st April 2022)**
  To improve deterrence against noncompliance among tax payers, it is proposed to amend the sections 271AAB, 271AAC and 271AAD by extending the powers to levy penalty to Commissioner (Appeals) also along with Assessing Officer in cases involving undisclosed income in cases where search has been initiated u/s 132 or otherwise, or for false entry etc. in books of account.

- **Penalty on trusts or institution for passing on any unreasonable benefit to any other specified person (w.e.f 1st April 2023)(Section 271AAE)**
  In order to discourage misuse of the funds of the trust or institution by specified persons, it is proposed to insert a new section 271AAE in the Act to provide for penalty on trusts or institution under first and second regime.

  Amount of Penalty proposed:-
  • An amount 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 notice again in any subsequent year.
  The proposed section seeks to operate without prejudice to any other provision of chapter XXI. Thus, if any penalty is leviable under any of the other provisions of this chapter, in addition to the proposed penalty, that penalty would also be applicable.

- **Taxation for Virtual Digital Asset -New Section 115BBH -flat rate of 30% w.e.f. 01st April, 2023**
  • The income-tax calculated on income of transfer of any virtual digital asset at the rate of 30%
  • No deduction in respect of any expenditure (other than cost of acquisition) or allowance or set off of any loss shall be allowed.
  • No set off of any loss arising from transfer of virtual digital asset shall be allowed against any income computed.
  • Loss shall not be allowed to be carried forward to subsequent assessment years.

- **Removal of Goodwill to be treated as transfer (Section 50)**
  It is to clarify that reduction of the amount of goodwill of a business or profession, from the block of asset in accordance with Section 43(6)(c)(ii)(b) shall be deemed to be transfer (w.e.f. 01st April 2021)

- **Section 68 covering credit through loans or borrowings(w.e.f. 01st April, 2023)**
  It is proposed to amend the provision of section 68 as 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. This section is not applicable if the creditor is a well regulated entity i.e. it is Venture Capital Fund and Venture Capital Company registered under SEBI

Customs duty

Policy changes

- Median rate of BCD retained at 7.5/10%.

Legislative Changes

The following changes will be effective on enactment of Finance Bill 2022:

Customs Act

- **Widening of Powers :** Amendments has been carried out in various sections of Customs Act, 1962 to widen the powers conferred to Proper Officers of Customs including granting of concurrent powers and functions to two or more proper officers. Further, by amending Section 3 of the Customs Act, Proper Officers of Director General of Revenue Intelligence and Customs Preventive Department shall also be deemed to be Proper Officers under Customs Act.

- **Valuation of Goods :** Power to prescribe additional obligations, checks, circumstances and manner on such class of imported goods, upon the importer, where the Board has reason to believe that value of such goods may not be declared truthfully or accurately, having regard to the trend of declared value of such goods or any other relevant criteria.

- **Advance Ruling :**
  - Fee for advance ruling to be prescribed by way of notification;
  - Advance Ruling to be valid for 3 years or till the time there is a change in law or change in facts (whichever is earlier). Further, for ARs which are as on the date on which the Finance Bill, 2022 receives the assent of the President, the said period of three years shall be reckoned from the date on which the said Finance Bill receives the assent of the President

- **Transfer of documents along with report to jurisdictional officer :** Where in pursuance of audit, searches, seizures and investigation under the Customs Act, the Proper Officer of Customs has reasons to believe that any duty has been short-levied, not levied, short-paid or not paid or any duty has been erroneously refunded or any drawback has been erroneously allowed or any interest has been short-levied, not levied, short-paid or not paid, or erroneously refunded, then such officer of customs shall, after inquiry, investigation, or audit, transfer the relevant documents, along with a report in writing to the proper officer having jurisdiction, in respect of assessment of such duty, or who allowed such refund or drawback, or to an officer to whom proper officer is subordinate. It further seeks to provide that in case of multiple jurisdictions, such transfer shall be made to an officer of customs to whom such matter is assigned by the Board under Section 5 of the Act.

- **Penalty for publishing information:** Insertion of Section 135AA for imposing penalty for publication (including re-production of information in printed or electronic form and making it available in public domain) of any data in relation to the value or classification or quantity of goods for exports from India, or imports into India, or the details of the exporter or importer of such goods, unless required under any law for the time being in force, to the extent of fine of Rs. 50,000/-, imprisonment for a term which may extend to six months or both. It further provides that the said penalty shall not be applicable to any publication made by or on behalf of the Central Government.
- **Cognizance of Offence by Court :** No court to take cognizance of any offence under the said section 135AA, except with the previous sanction of the Principal Commissioner of Customs or Commissioner of Customs.
- **Validation effect by giving retrospective effect to Sections 2, 3 and 5 of the Customs Act, 1962 :** Validation has been provided for any action taken or functions performed under specified chapters of the Customs Act, notifications issued thereunder, appointment of officer's and assigning functions before commencement of the Finance Act, 2022.

Customs Tariff Act

- Act amended to create specific tariff lines for certain items.
- The customs duty exemptions notifications are bring withdrawn, covering a wide range of goods moving across borders.
- Customs duty exemptions on Capital Goods and project imports been withdrawn in phased manner.
- Customs tariff structure is simplified by moving the unconditional concessional rates from existing exemption notifications to the first schedule of Customs Tariff Act. In this process, certain tariff lines and rates have also been rationalized, As a result, applicable BCD rates on sectors such as textiles, chemicals, metals etc. Will operate almost entirely through tariff.
- Sunset date is being stipulated as per section 25(4A) of the Customs Act, 1962 in respect of conditional exemption entries in respective notifications. This section, as brought in last year, prescribes validity period of conditional exemptions. Certain exemptions, like international commitments such as FTA, ITA, concessions emanating from FTP like Advance Authorization, and concession under Phased Manufacturing Pragrammes (PMP) have been excluded from the preview of automatic expiry.

- Graded import duty rate structure is notified to operationalize Phased Manufacturing Plan for wearable, hearables and smart meters.

- A scheme for duty-free imports for the purpose of use in goods meant for export, based on end-use monitoring is being introduced for bonafide exporters subject to the requirement of exporting value added products manufactured using inputs imported under these exemptions, within a period of six months. Importer shall be required to follow the procedure under the Import of Goods at Concessional Rate (IGCR) Rules, 2017.

- The Social Welfare Surcharge is being withdrawn on various items.

Customs Rules

Customs (Import of goods at concessional rate of duty) Rules, 2017 are being amended to provide the following facilities:

- To introduce end to end automation in the entire process. Requirement of submitting all the necessary details electronically, through a common portal, is being brought out in the Rules itself.
- Standardizing and notifying the various forms in which details are to be submitted electronically.
- Leveraging the advantage of such submissions electronically, the need for any transaction based permissions and intimations are all being done away with. d) Consequently, the procedure to claim the notification benefit is being simplified and automated.
- For effective monitoring of the use of goods for the intended purposes, a Monthly Statement is being proposed which is to be submitted by the importer on the Common Portal.
- An option for voluntary payment of the necessary duties and interest, through the Common Portal is being provided to the importer.

Goods and Services Tax

- New clause is being inserted for input tax credit, so as to provide that input tax credit with respect to a supply may be availed only when such credit has not been restricted in the details communicated to the registered person in inward supplies return.

- **RNM Comments: -** Additional condition for availment of input tax credit under section 16(2) that is input tax credit can be availed only if the same is not restricted in GSTR 2B.

- Section amended to provide that a registered person shall not be entitled to take input tax credit in respect of any invoice or debit note after the thirtieth day of November following the end of the Financial Year to which such invoice or debit note pertains, or furnishing of the relevant annual return, whichever is earlier.

- **RNM Comments: -** Time limit for claiming input tax credit extended till 30th November following the end of the Financial Year to which such invoice or debit note pertains.

- Clause amended in reference to cancellation of registration, so as to provide that the registration of a Composition Tax person is liable to be cancelled if the return for a Financial Year has not been furnished beyond three months from the due date of furnishing of the said return.

- **RNM Comments: -** Composition tax payer's Registration can be cancelled suo-moto if return GSTR-4 has not been filed beyond 3 months from the due date.

- Clause amended in reference to cancellation of registration, so as to provide for prescribing continuous tax periods for which return has not been furnished, which would make a registration liable for cancellation, in respect of any registered person, other than a Composition tax person.

- Section amended, so as to provide for 30th day of November following the end of the Financial Year, or the date of furnishing of the relevant annual return, whichever is earlier, as the last date for issuance of credit notes in respect of any supply made in a Financial Year.

- **RNM Comments: -** Credit Notes in respect of supply made in a Financial Year may be issued by 30th November of subsequent Financial Year.

- A sub-section is being omitted for removing two way communication process in filing of Goods and Services Tax returns.

- Section amended, so as to provide for 30th day of November following the end of the Financial Year or furnishing of the relevant annual return, whichever is earlier, as the last date for rectification of errors or omission in respect of details of outward supplies furnished under goods and services tax return.

- **RNM Comments: -** Any rectification of error or omission in GSTR-1/ GSTR-3B is now being permitted till 30th November of the subsequent Financial Year.

- New section is being inserted, mandatory requirement for tax period-wise sequential filing of details of outward supplies under goods and services tax.

- Due date for non-resident taxable person shall furnish the monthly return up to 13th day after the end of the month or within seven days after the last day of the period of registration, whichever is earlier.

- Section 41 of the CGST Act is being substituted so as to do away with the concept of "claim" of eligible input tax credit on a "provisional" basis and to provide for availment of self-assessed input tax credit subject to such conditions and restrictions as may be prescribed.

- Section amended to provide that levy of late fee for delayed filing of tax collected source return under goods and services tax.

- Section is being amended so as to provide for prescribing restrictions for utilizing the amount available in the electronic credit ledger.

- Section is being amended so as to allow transfer of amount available in electronic cash ledger under the CGST Act of a registered person to the electronic cash ledger under CGST Act or the IGST Act of a distinct person.

- Section is being amended so as to provide for prescribing the maximum proportion of output tax liability which may be discharged through the electronic credit ledger.

- Retrospective amendment with effect from July 01, 2017, so as to provide for levy of interest @ 18% on input tax credit wrongly availed and utilized.

- Due date for TCS return person shall furnish the monthly return up to 13th day after the end of the month or within seven days after the last day of the period of registration, whichever is earlier.

- Section amended, so as to provide for 30th day of November following the end of the Financial Year or furnishing of the relevant annual return, whichever is earlier, as the last date for rectification of errors or omission in respect of TCS return furnished under goods and services tax return.

- **RNM Comments: -** Any rectification of error or omission in TCS return is now being permitted till 30th November of next Financial Year.

- Section is being amended so as to provide explicitly provide that refund claim of any balance in the electronic cash ledger shall be made in such form and manner as may be prescribed.

- Section is being amended so as to provide the time limit for claiming refund of tax paid on inward supplies of goods or services or both under section 55 as two years from the last day of the quarter in which the said supply was received.

- Section is being amended so as to provide clarity regarding the relevant date for filing refund claim in respect of supplies made to a Special Economic Zone developer or a Special Economic Zone unit by way of insertion of a new sub-clause (ba) in clause (2) of Explanation.

Customs Tariff

Rate movement

The following changes will be effective from February 02, 2022:

- Changes in the BCD rated on some key items are enunciated below:

Items	Rate Moment (%)		Moment
	Basic Duty		
	From	To	
Microbial fats and oils and their fractions	30	100	
Umbrellas	10	20	
Imitation Jewellery	20	20 or 400/kg whichever is higher	
Single or multiple loudspeakers, whether or not mounted in their enclosures Note: Effective BCD rate on these goods, other than hearable devices would continue to be ‘15%’.	15	20	
Headphones and earphones, whether or not combined with a microphone, and sets consisting of a microphone and one or more loudspeakers Note: Effective BCD rate on these goods, other than hearable devices would continue to be ‘15%’.	15	20	

Smart Meters Note: Effective BCD rate on these goods would continue to be '15%' till 31.03.2022	15	25	▲
Solar Cells (other than those exclusively used with ITA-1 items) Note: Effective BCD rate on these goods would continue to be 'Nil' till 31.03.2022.	20	25	▲
Solar Modules (other than those exclusively used with ITA-1 items) Note: Effective BCD rate on these goods would continue to be 'Nil' till 31.03.2022	20	40	▲
Project Imports [Effective BCD rate on these items would continue to be 'Nil / 2.5% / 5% (as applicable)' vide S. Nos. 597 to 606 of notification No. 50/2017- Customs till 30.09.2023 for the project imports registered till 30.09.2022. For other project imports 7.5% BCD rate will be applicable from 01.10.2022.All project imports will attract 7.5% BCD rate after 30.09.2023]	10	7.5	▼

Rate movement

The following changes will be effective from May 01, 2022:

Items	Rate Moment (%)		Moment
	Basic Duty		
	From	To	
Wheat, other than seed quality 100% 40%	100	40	▼
Soft dates (khayzur or wet dates), hard dates (chhohara or kharek dates)	30	20	▼
Maize (corn)	70/60	50	▼
Malt, not roasted	40	30	▼
Poppy seeds	70	20	▼
Lactose and lactose syrup	30	25	▼
Sweet Biscuits, Waffles and wafers	45	30	▼

Dog or cat food, put up for retail sale	30	20	
Residues and waste from the food industries; prepared animal fodder	30	15	
Crude or unrefined sulphur	10	2.5	
Ores and concentrates	5/10	2.5	
Nickel Ore and Concentrate	5	Free	
Uranium Ore and Concentrates	5	Free	
Zinc slag, ash or residue	10	5	
Oils etc. from coal tar distillation	10	2.5	
Pitch and pitch coke	10	5	
Oil (other than crude petroleum) obtained from Bituminous Crude	5	Free	
Aviation gasoline confirming to standard IS 1604	10	Free	
Petroleum oils and oils obtained from bituminous minerals (excluding Naphtha), petroleum gases, petroleum jelly, petroleum bitumen and other residues of petroleum oil, asphalt.	10	5	
Light Naphtha, Heavy Naphtha, Full range Naphtha	10	2.5	
Motor Spirit commonly known as petrol	10	2.5	
High speed diesel (HSD)	10	2.5	
Aviation Turbine Fuel (ATF)	10	5	
Liquefied natural gas (LNG)	10	2.5	
Propane	10	2.5	
Organic Chemicals (except Mannitol, D-glucitol (Sorbitol) and 6- Hexanelactum)	10	7.5	
o-xylene	10	Free	

p-xylene	10	Free	▼
Dimethyl terephthalate (DMT)	10	5	▼
Essential Oils	30	20	▼
Lubricating preparations etc.	10	7.5	▼
Natural rubber in forms other than latex	25	25% or Rs. 30/- per kg, whichever is lower	▼
Raw Silk, (not thrown)	30	15	▼
Silk Waste and Silk Yarn	25	15	▼
Wool yarn, put up for retail sale	25	10	▼
Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing not more than 200g/sq. m.	25	10	▼
Other woven fabrics of cotton, weighing more	25	10	▼
Raw jute	25	5	▼
Sewing thread of man-made filaments, whether or not put up for retail sale	20	5	▼
Artificial filament yarn, not put up for retail sale, including artificial monofilament of less than 67	20	5	▼
Other woven fabrics, containing 85% or more by weight of textured polyester filaments, unbleached or bleached	25% or Rs. 11 per sq. m., whichever is higher	20% or Rs. 11 per sq. m., whichever is higher	▼
Terylene and dacron sarees, Polyester dhoti, bleached nylon georgette, Polyester suitings (bleached)	25% or Rs. 10 per sq. m., whichever is higher	Rs. 10 per sq. m., whichever is higher	▼
Man-made fiber waste, synthetic staple fibres, artificial staple fibres, sewing thread of manmade staple fibres, yarn of synthetic staple fibres, yarn of artificial staple fibres	20	5	▼

Woven fabrics of synthetic staple fibres, containing 85% or more by weight of synthetic staple fibres (unbleached or bleached), containing 85% or more by weight of acrylic or modacrylic staple fibres (unbleached or bleached), other	25	20	▼
Other woven fabrics of synthetic staple fibres, of polyester staple fibres	25% or Rs. 45 per sq. m., whichever is higher	20% or Rs. 45 per sq. m., whichever is higher	▼
Other woven fabrics of synthetic staple fibres, of acrylic or modacrylic staple fibres, mixed mainly or solely with wool or fine animal hair, printed	25% or Rs. 140 per kg., whichever is higher	10% or Rs. 140 per kg., whichever is higher	▼
Mechanically made lace, of man-made fibres	25% or Rs. 200 per kg., whichever is higher	20% or Rs. 200 per kg., whichever is higher	▼
Labels, badges, braids, Woven fabrics of metal threads etc.	25	10	▼
Pile fabrics	25	10	▼
Knitted or crocheted fabrics of a width not exceeding 30cm, other than those of heading 6001 or 6002 of the First Schedule of the Customs Tariff Act, 1975, of wool or cotton or others	25	10	▼
Knitted or crocheted fabrics of a width exceeding 30cm, containing by weight 5% or more elastomeric yarn or rubber thread, other than those of heading 6001 of the First Schedule of the Customs Tariff Act, 1975	25	20	▼
Men's or boy's overcoats etc. of other textile	25	20	▼
Women's or girl's overcoats etc. of other textile materials	25	20	▼
Skirts and divided skirts	25% or Rs. 110 per piece, whichever is higher	20% or Rs. 110 per piece, whichever is higher	▼

Women's or girls blouses, shirts and shirt blouses, knitted or crocheted, of man-made fibres	25% or Rs. 25 per piece, whichever is higher	20% or Rs. 25 per piece, whichever is higher	▼
Women's or girls blouses, shirts and shirt blouses, knitted or crocheted, of other textile materials	25% or Rs.135 perpiece, whichever is higher	20% or Rs 135 perpiece, whicheve r is higher	▼
Men's or boy's overcoats, car-coats, raincoats, capes, cloaks and other similar articles, of other textile materials	25	20	▼
Blankets (other than electric blankets), travelling rugs,	25	10	▼
Other bed linen, of cotton	25% or Rs. 96 per kg., whichever is higher	10% or Rs. 96 per kg whicheve r is higher	▼
Air separators, purifiers, cleaners, etc.	15	7.5	▼
Parts of balloons, gliders, manned or unmanned	3	2.5	▼
Specific instruments and appliances used in medical, surgical, dental or veterinary sciences like tonometer, tubular needles for medical sutures etc.	10	5	▼
Orthopedic appliances like crutches, surgical belts and trusses, splints etc.	10	7.5	▼
Articles and equipment for general physical exercise, gymnastics or athletics	20	10	▼

Export Duty

Rate movement

The following changes will be effective from February 02, 2022:

Items	Rate Moment (%)		Moment
	Basic Duty		
	From	To	
Raw hides and skins of buffalo	40	30	▼

Central Excise

- 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, would be levied with effect from the 1st day of October, 2022.
- Retail Sale Price (RSP) based valuation for specified goods and prescribes an abatement as a percentage of retail sale price for such goods has been align with the present legal position under the GST regime.

Anti- Dumping Duty

Anti-Dumping duty is being permanently revoked, on imports of the following

a) Straight Length Bars and Rods of alloy-steel, originating in or exported from People's Republic of China;
b) High Speed Steel of Non-Cobalt Grade, originating in or exported from Brazil, People's Republic of China and Germany;
c) Flat rolled product of steel, plated or coated with alloy of Aluminum or Zinc, originating in or exported from People's Republic of China, Vietnam and Korea 79 RP.

Countervailing duty

Countervailing duty is being permanently revoked on imports of Certain Hot Rolled and Cold Rolled Stainless Steel Flat Products, originating in or exported from People's Republic of China.

Other Changes

The Special Economic Zones Act shall be replaced with a new legislation that would enable the states to become partners in 'Development of Enterprise and Service Hubs'. This would cover all large existing and new industrial enclaves to optimally utilize available infrastructure and enhance competitiveness of exports.

MAJOR HIGHLIGHTS

Economy

- India's economy to grow at **9.27% in FY22,** this growth rate is the highest among all large economies.
- Capital expenditure revised from **Rs 5.54 lakh crore to Rs 7.50 lakh crore** recording an increase of 35.40%.
- The fiscal deficit has been projected at **6.4% of GDP in FY23** and targeted at 4.5% by FY26.
- This union budget aims to lay the foundation & give a blueprint of the economy over **'Amrit Kaal'** of the next 25 years- marking India's 75 years of independence to 100 years of independence.
- 4 pillars to be the focus of the Union Budget 2022- **Productivity, Climate Action, Financing Investments and PM Gati Shakti plan.**
- The gross Goods & Services Tax (GST) collection in January 2022 at **Rs 1,40,986 crores is the highest** since the introduction of GST in July 2017.
- India's largest and most anticipated public issue of state insurer behemoth LIC's IPO is expected shortly. Receipts for the government from disinvestment proceeds in the next financial year are pegged at Rs 65,000 crores.

PM Gati Shakti

- Introduction of **PM GatiShakti National Master Plan,** a transformative approach for economic growth and sustainable development, to be driven by **seven engines,** namely, **Roads, Railways, Airports, Ports, Mass Transport, Waterways,** and **Logistics Infrastructure.**
- Expansion Target for **completion of 25,000 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 Multi-modal Logistics parks** through public-private partnership (PPP) to be awarded in 2022-23.
- **Integration of Postal and Railways Network** facilitating parcel movement.
- **One Station One Product** to help local businesses & supply chains.
- Over 2,000 km of rail network to be brought under indigenous technology 'KAWACH' for safety and capacity augmentation.
- 400 new generation **Vande Bharat Trains** to be manufactured in next 3 years.
- Multimodal connectivity **between mass urban transport and railway stations.**
- National Ropeways Development Plan as sustainable alternative to conventional roads.
- Capacity building for infrastructure projects.

MAJOR HIGHLIGHTS

Agriculture and food processing:

- Promoting **chemical free natural farming** starting with farmers' land 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 startups.**
- Implementation of **Ken Betwa Link Project** benefitting 9.1 lakh hectare farm lands, providing drinking water to 62 lakh people and generating 130MW power.
- 5 more such projects namely Damanganga-Pinjal, Par-Tapi- Narmada, Godavari-Krishna, Krishna-Pennar and Pennar-Cauvery under process of implementation.

MSME

- **Interlinking various portals** (Udyam, e-Shram, NCS and ASEEM).
- Extending Emergency Credit Line Guarantee Scheme **(ECLGS)** with focus on hospitality and related enterprises. Emergency Credit Line Guarantee Scheme (ECLGS) to be prolonged till March 2023. The revised guaranteed cover to be Rs 5 lakh crores to serve the financing needs of MSME sector.
- Revamping Credit Guarantee Trust for Micro and Small Enterprises **(CGTMSE).**
- Raising and Accelerating MSME Performance **(RAMP)** programme will be rolled out.

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.**
- PLI scheme to create at least 60 lakh jobs in the next 5 years. Digital ecosystem for skilling and livelihood to be launched, this will aims to skill, reskill, and up-skill citizens through online training.

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 Teachers.

MAJOR HIGHLIGHTS

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.

All inclusive welfare focus

- **Har Ghar, Nal Se Jal:** 3.8 crore households to be covered in 2022-23 with allocation of Rs 60,000 crore.
- **PM Awas Yojana:** 80 lakh houses to be completed in 2022-23 with allocation of Rs 48,000 crore.
- **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 1.5 lakh post offices to come on the core banking system.
- **Digital Payments:** Scheduled Commercial Banks to set up 75 Digital Banking Units (DBUs) in 75 districts.

Productivity enhancement and investment

- Launch of **Ease of Doing Business 2.0 & Ease of Living.**
- **Trust based governance.**
- **Integration of central and state** level systems through IT bridges.
- Expanding scope of **PARIVESH Portal** for all green clearances.
- Issuance of chip embedded **e- Passports.**
- Establishing centers of excellence in urban planning.
- Modernization of building bylaws, implementing Town Planning Schemes (TDS) and Transit Oriented Development (TOD).
- Clean & Sustainable Mobility.
- Providing a **battery swapping policy** as an alternative to setting up charging stations in urban areas. Private sector will be encouraged to create sustainable and innovative business models for battery & energy as a service, improving the efficiency in the EV ecosystem.

MAJOR HIGHLIGHTS

- **Land Records Management**
  - Unique **Land Parcel Identification Number** for IT based management of land records. The facility for transliteration of land records across any of the Schedule VIII languages will also be rolled out.
  - The adoption or linkage with National Generic Document Registration System (NGDRS) with the 'One-Nation One-Registration Software' will be promoted as an option for uniform process for registration and 'anywhere registration' of deeds & documents.

- **Amendment in Insolvency and Bankruptcy Code (IBC)**
  - Necessary amendments in the Code will be carried out to enhance the efficacy of the resolution process and facilitate cross border insolvency resolution.

- **Accelerated Corporate Exit**
  - The Centre for Processing Accelerated Corporate Exit (C-PACE) with process re-engineering, will be established to facilitate and speed up the voluntary winding-up of these companies from the currently required 2 years to less than 6 months.
  - End to end online e-Bill System and utilising surety bonds in government procurement.
  - Setting up of **Animation, Visual Effects, Gaming, And Comic (AVCG) promotion task force**

- **Telecom Sector**
  - Telecommunication in general and 5G technology in particular, can enable growth and offer job opportunities. Required spectrum auctions will be conducted in 2022 to facilitate rollout of 5G mobile services within 2022-23 by private telecom providers.

  A scheme for design-led manufacturing will be launched to build a strong ecosystem for 5G as part of the Production Linked Incentive Scheme.

- **Export Promotion**
  - The Special Economic Zones (SEZ) Act will be replaced with a new legislation that will enable the states to become partners in 'Development of Enterprise and Service Hubs'. This will cover all large existing and new industrial enclaves to optimally utilise available infrastructure and enhance competitiveness of exports.
- Opening up Defence R&D for industry, startups and academia with 25 per cent of defence R&D budget earmarked.
- Identification and support of **Sunrise Opportunities i.e.** Artificial Intelligence, Geospatial Systems and Drones, Semiconductor and its eco-system, Space Economy, Genomics and Pharmaceuticals, Green Energy, and Clean Mobility.
- Proposal for several near-term and long-term actions as part of low carbon development strategy under **Energy Transition and Climate Action.**
- An additional allocation of Rs. 19,500 crore for Production Linked Incentive for manufacture of high efficiency modules, with priority to fully integrate manufacturing units from polysilicon to **solar PV modules,** will be made.
- Measures to be taken in **Circular Economy** and **Transition to Carbon Neutral Economy.**

MAJOR HIGHLIGHTS

Financing of investment

- Public investment to continue to pump prime private investment and demand in 2022-23.

- **Digital Rupee**
  - introduction of Central Bank Digital Currency (CBDC) will give a big boost to digital economy. Digital currency will also lead to a more efficient and cheaper currency management system. It is, therefore, proposed to introduce Digital Rupee, using block chain and other technologies, to be issued by the Reserve Bank of India 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.

- **GIFT-IFSC**
  - World-class foreign universities and institutions will be allowed in the GIFT City to offer courses in Financial Management, FinTech, Science, Technology, Engineering and Mathematics free from domestic regulations, except those by IFSCA to facilitate availability of high-end human resources for financial services and technology.
  - An International Arbitration Centre will be set up in the GIFT City for timely settlement of disputes under international jurisprudence.
  - Services for global capital for sustainable & climate finance in the country will be facilitated in the GIFT City.
  - Blended Finance for sunrise sectors.

INDUSTRY-WISE IMPACT

AUTO

IMPACT : POSITIVE

Boost for EV's with battery swapping policy.
It will help mitigate one of the biggest hindrances to adoption of electric vehicles in India (range & charging anxiety).

HEALTHCARE

IMPACT : POSITIVE

- An open platform for the national digital health ecosystem will be rolled out. National tele- medicine programme to be launched, it will improve access to healthcare for people including in remote areas.

- Govt. extends concessional 15% income tax for new manufacturing companies till March 31, 2024. It is useful for companies who are planning new projects through separate companies whose plans may have been delayed by covid.

STARTUPS

IMPACT : POSITIVE

- Long Term Capital gain for unlisted shares remains at 15%. Huge win for startups effectively reduces tax for angel investors from 28.5 % to 23.0%. Draws more investments.

- Expert committee to be formed for VC & PE investments. More fund of funds managed by private entities to be rolled out, with govt. share at 20%. It will help boost investments.

- Startups will be promoted to facilitate 'Drone Shakti' through varied applications and for Drone-As-A-Service (DrAAS).

- Tax Rebate on profit made extended for one more year. It will help young companies in the country, which number over 61,400.

EDUCATION

IMPACT : POSITIVE

To promote technology adoption in education budget announces establishment of a digital university, 200 TV channels for education sector. Will supplement education delivery via vernacular languages.

ENERGY

IMPACT : POSITIVE

Additional allocation of Rs.19,500 crores for PLI for solar PV module. This will boost domestic manufacturing of solar power equipment, subsequently benefit solar power generators.

BANKING

IMPACT : POSITIVE

- ECLGS extended up to March 2023 and guarantee cover by RS.50,000 crores to total cover of Rs.5 Lakh crores. It will offer boost to smaller businesses continuing to face the lagged impact of Covid waves.

- Opening of 75 digital banking units in 75 districts by scheduled commercial banks. This is good news for digital banking push and related companies.

- Necessary amendments in IBC structure to promote cross border insolvency resolutions. More teeth for the IBC mechanism & is a much needed step and was a key point mentioned in the economic survey.

- FM proposes digital rupee using block chain technology by the RBI in 2022-23 to boost the digital economy. This is big announcement in the run up to the official launch of CBDC.

AGRICULTURE

IMPACT : POSITIVE

Promotion of chemical free natural farming, oil seed production and millet marketing, and a fund to promote agri-tech. It can improve soil health, farmer income and better productivity & also reduce edible oil import bills.

TRANSPORT, INFRASTRUCTURE

IMPACT : POSITIVE

- Plans for investments in remote roads, mass transit in cities and 400 new “Vande Bharat" trains in three years will benefit Transport and infrastructure companies.

- Infrastructure stocks rise as FM says highway network to grow by 25,000 KM in FY 23.

- The FM allotted Rs.7.5 lakh crores for capital expenditure in FY23, almost 2.2 times of the allocation in FY20. The capex thrust should boost job creation and long term growth of the economy.

REAL ESTATE

IMPACT : POSITIVE

- The enhanced allocation of Rs. 48,000 crores towards housing projects should further boost affordable housing projects in the country.

- Digitization of land records on National records to provide comfort in Real Estate Growth.

INFORMATION TECHNOLOGY

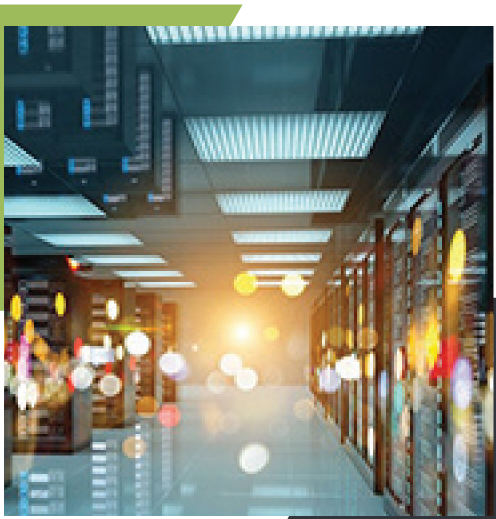
IMPACT : POSITIVE

- The Current SEZ act to be replaced with a new act, which will allow states to become partners in the Zone's development, will make compliance norms easier and thus setting up SEZ easier. Not clear whether it meets Industry demands.

METALS

IMPACT : POSITIVE

The government's Rs 600 billion allocation for piped water to 38 million homes and spending on logistics will benefit India's metals producers companies.



TELCOS, DATA CENTERS

IMPACT : POSITIVE

The launch of 5G auctions in 2022 will help boost telecom sector and the classification of data storage as infrastructure spending will benefit Telecom companies.

DEFENCE MANUFACTURER

IMPACT : POSITIVE

68% of defense budget to be allotted towards domestic industry component of imports in defense. This will further boost order books of Indian manufacturers in private & public sector.

FINANCIAL MARKET

IMPACT : NEGATIVE

The decision to levy 30% tax on profits from digital asset transactions, including crypto currencies and non-fungible tokens, may rule out a blanket ban on such tokens for now but it will make trading in them less profitable.

COAL AND THERMAL POWER

IMPACT : NEGATIVE

The companies to watch after India's incentives for solar power and plans to use biomass pellets in thermal power plants in a bid to rely less on coal.

STAINLESS STEEL

IMPACT : NEGATIVE

India plans to revoke some anti-dumping and countervailing duties on stainless steel, coated steel flat products, bars of alloy steel and high-speed steel, given the rise in metal prices.

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