

Budget Highlights - Taxation - FY 2021-22

Direct Taxes		
Sl. No	Particulars	Remarks
1	Senior Citizens - Exemption	All individuals > 75 years with only pension and interest income are exempt from filing ITR. Tax to be deducted at source on such income at appropriate slab rates
2	Assessment or Re-assessment Notice under Section 148	<ul style="list-style-type: none"> • In normal cases: The time limit for re-opening of assessment has been reduced to 3 years from 6 years. • In serious tax evasion cases: The time limit for re-opening of assessment will be 10 years, (if evasion of income > 50 lakhs) with prior approval of Principal Commissioner.
3	Faceless Dispute Resolution Committee	Taxpayer with taxable income up to 50 lakhs and disputed income up to 10 lakhs can approach the committee for reducing their litigations
4	Faceless ITAT Appeals	Appeals to Income Tax Appellate Tribunal shall be through video conferencing
5	Tax Audit Limit under Section 44AB	Tax audit limit increased to Rs. 10 crores from Rs. 5 crores, where 95% of business transactions are done in digital mode
6	Dividend Income	<ul style="list-style-type: none"> • Payment of Dividend to REIT and INVIT are exempt from (TDS) • Dividend Income not to be considered for determining Advance Tax liability without its declaration. • Deduction of tax on the dividend income at lower treaty rate for the Foreign Portfolio Investors
7	Interest deduction on affordable house property	Interest Additional deduction of Rs 1.5 lakhs for loan taken towards purchase of affordable house property is extended till 31 March 2022;
8	Delay in deposit of Employees Contribution by Employer	No deduction for employer in case of delay in payment of Employees Contribution under the relevant statutes.

9	Relief to Small Charitable Trusts	Charitable Trusts running Educational Institutions and Hospitals having annual receipts up to Rs. 5 crores - Exempt
10	Relaxation to NRI's	Removal of hardships on Double taxation of accrued income in their foreign retirement account.
11	Tax Incentives relating to Start ups	<ul style="list-style-type: none"> • Tax Incentives for Startups under Section 80IAC is extended till 31st March 2022 • Exemption of Capital Gains on investments made in startups is extended till 31st March 2022
12	Applicability of Presumptive Taxation for professionals	Presumptive Taxation provision for professionals (Section 44ADA) applicable only for Individuals, HUF and Partnership Firms (other than LLPs)
13	Stamp Duty Value > Consideration received	Stamp duty value can be up to 120% (earlier 110%) of the consideration if the transfer of "residential unit" is made between 12th November 2020 and 30th June 2021
Indirect Taxes		
1	Membership fees by Associations from members	Membership fees collected by Associations from all members will now be liable to GST - Effective 01.07.2017 (retrospective)
2	Availment of ITC only from GSTR 2B	ITC in GSTR 3B can be availed only if it is appearing in GSTR 2B at the time of filing GSTR 3B (excess restricted only to 5%)
3	Levy of interest on net cash liability (not on ITC)	Provision made applicable retrospectively (effective 01.07.2017)
4	Recovery of taxes	Taxes can be recovered including attachments of bank accounts if taxes disclosed in GSTR 1 is higher than taxes paid GSTR 3B
5	Detention / Seizure	Appeal can be preferred in cases of detention / seizure if 25% of penalty is deposited with the Government
6	Restriction of scope of Zero-Rated Supplies	<ul style="list-style-type: none"> • Zero-Rated supplies on payment of IGST available only for specified tax payers / supplies; • Export of goods to be linked with Foreign Inward Remittance Certificates (FIRCs) for refund of taxes; • Supplies qualify to be zero rated only if SEZ (recipient) uses the supplies for authorized operations only.