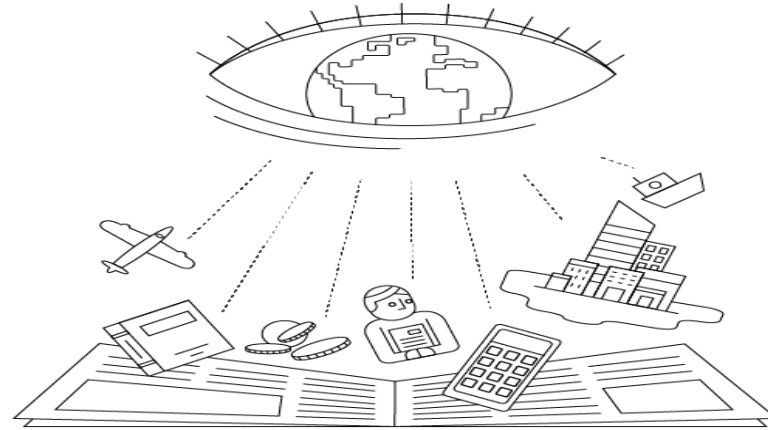


INDIA BUDGET 2022

Key Aspects in a Nutshell



India Budget 2022



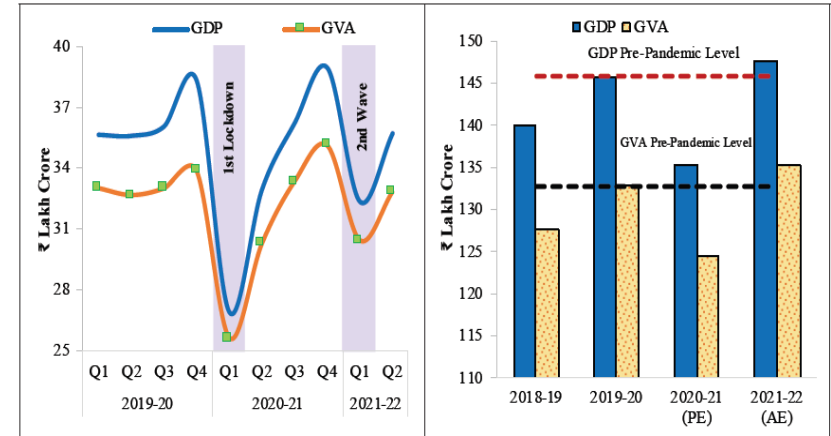
Introduction to Budget 2022

MACRO ECONOMIC ANALYSIS – ECONOMIC SURVEY 2021-22

Hon'ble Finance & Corporate Affairs Minister Mrs. Nirmala Sitharaman presented the Economic Survey 2021-22 in the Parliament on 31 January 2022. The key highlights of the Economic Survey 2021-22 are:

GDP GROWTH

- India's real GDP is estimated to grow by 9.2% in FY 2021-22.
- India's real GDP is projected to record a growth of 8% - 8.5% in FY 2022-23.
- As per IMF's latest World Economic Outlook projections, India's real GDP is projected to grow @ 9% in FY 2021-22 and FY 2022-23 and @ 7.1% in FY 2023-24, which makes India the fastest growing major economy in the world in all these 3 years.



Source: National Accounts Statistics (NSO), MoSPI

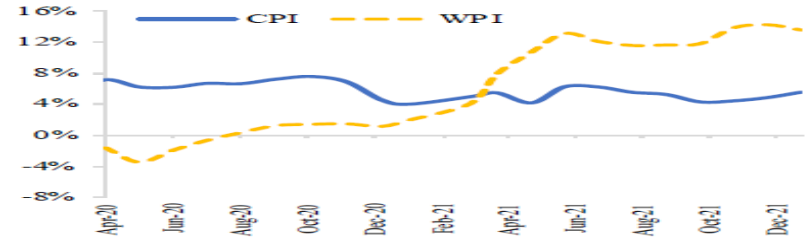


Introduction to Budget 2022

MACRO ECONOMIC ANALYSIS – ECONOMIC SURVEY 2021-22

INFLATION

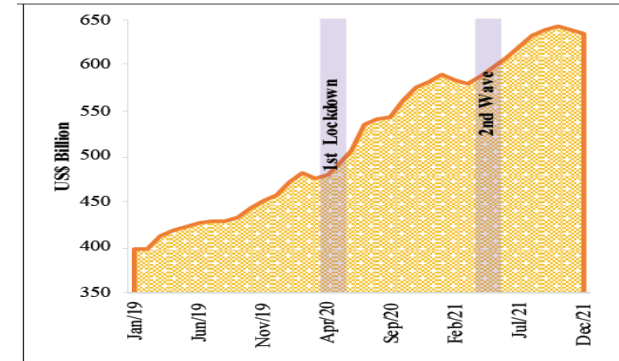
- CPI inflation averaged @ 5.2% during April 2021 – December 2021 and was @ 5.6% in December 2021.



EXTERNAL SECTOR

- India's merchandise exports and imports rebounded strongly and surpassed pre-COVID levels during the current financial year.
- India's net capital flows were higher at US\$ 65.6 billion in the first half of FY 2021-22 on account of continued inflow of foreign investment, revival in net external commercial borrowings, higher banking capital and additional special drawing rights allocation.
- India's foreign exchange reserve position crossed US\$ 600 billion in first half of FY 2021-22 and touched US\$ 633.6 billion as on 31 December 2021.

Foreign Exchange Reserves



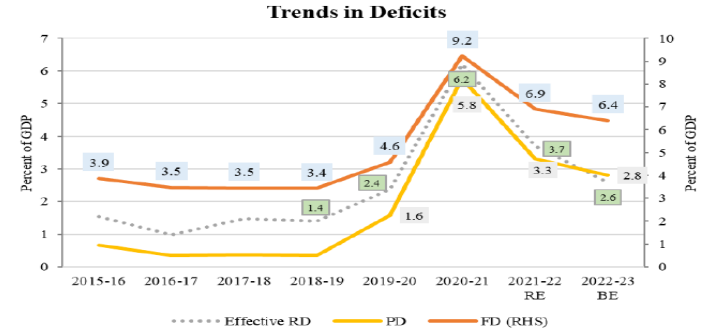
Source: RBI



Introduction to Budget 2022

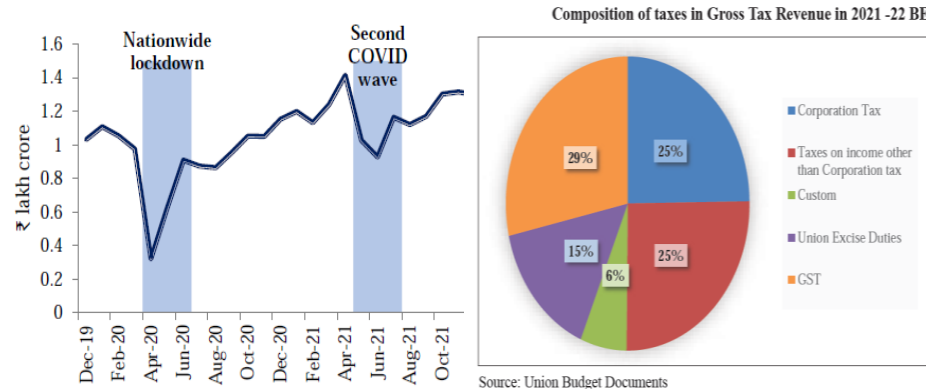
MACRO ECONOMIC ANALYSIS – ECONOMIC SURVEY 2021-22 FISCAL DEFICIT

- The revised fiscal deficit for FY 2021-22 is estimated @ 6.9% of GDP as against 6.8% projected in the budget estimates.
- The fiscal deficit for FY 2022-23 is estimated @ 6.4% of GDP.



RECOVERY OF GST

- Monthly gross GST collections consistently crossed Rs. 1 lakh crore since July 2021.
- The gross GST collection for January 2022 recorded the highest collection of Rs. 1,40,986 crore since the inception of GST.



Introduction to Budget 2022

In the backdrop of the Economic Survey, the Hon'ble Finance & Corporate Affairs Minister Mrs. Nirmala Sitharaman presented the Budget on 1 February 2022.

The budget proposals for FY 2022-23 are based on 4 priorities viz. (i) PM GatiShakti; (ii) Inclusive Development; (iii) Productivity Enhancement & Investment, Sunrise Opportunities, Energy Transition and Climate Action; and (iv) Financing of Investments.

We present the tax proposals for amendments under the Finance Bill, 2022 under the following heads:

A. Direct Tax Proposals

1. Rates of Income-tax – Individual & HUF, Corporate Entities and Other Entities
2. Significant tax announcements
 - a) Business Entities
 - b) Personal Taxation
 - c) General

B. Indirect Tax Proposals

C. Other Aspects

The said proposals will be effective after the Finance Bill, 2022 (as finally approved by the legislature) receives assent of the Hon'ble President of India.



Direct Tax Proposals

RATES OF INCOME-TAX – Individual & HUF, Corporate Entities and Other Entities

Rates of Income-tax

Tax Rates

- No change in tax rates in respect of income of all categories of assessee.

Tax Rates for Individuals / HUFs unchanged for FY 2022-23

| Total Income (Rs.) | Old Regime – Tax Rate* | Optional New Regime – Tax Rate* |
|------------------------|------------------------|---------------------------------|
| Upto 2,50,000 | Nil | Nil |
| 2,50,001 to 5,00,000 | 5% | 5% |
| 5,00,001 to 7,50,000 | 20% | 10% |
| 7,50,001 to 10,00,000 | 20% | 15% |
| 10,00,001 to 12,50,000 | 30% | 20% |
| 12,50,001 to 15,00,000 | 30% | 25% |
| Above 15,00,000 | 30% | 30% |

*Plus Applicable Surcharge and 'Health and Education Cess'. In case of individuals/HUFs, the maximum marginal effective tax rate is 42.74%.

MAT / AMT

- AMT rate for Co-operative societies reduced from 18.5% to 15%.
- No change in MAT / AMT rate for other categories of assessee.

Surcharge and 'Health and Education Cess'

- Surcharge on any long-term capital gains arising to Individual/HUF/AOP/BOI under section 112 of the Act, restricted to 15%.
- Surcharge in case of AOP, consisting of only companies as its members, restricted to 15%.
- Surcharge in case of Co-operative society (except resident co-operative society opting for section 115BAD), reduced from 12% to 7% where income exceeds Rs. 1 crore but does not exceed Rs. 10 crore.
- No change in Surcharge and 'Health and Education Cess' rate for other categories of assessee / other categories of income.



Direct Tax Proposals

RATES OF INCOME-TAX – Individual & HUF, Corporate Entities and Other Entities

Tax Rates for Domestic Companies unchanged for FY 2022-23

| Particulars | Maximum Effective Tax Rate | Effective MAT Rates |
|--|----------------------------|--|
| Opting for Concessional Tax Regime | | |
| Domestic companies opting for concessional corporate tax regime -Section 115BAA - Irrespective of the level of total income | 25.17% | Not applicable under the concessional corporate tax regime |
| New domestic companies with manufacturing activity opting for concessional corporate tax regime - Section 115BAB - Irrespective of the level of total income | 17.16% | |
| Not Opting for Concessional Tax Regime | | |
| Having total turnover / gross receipt in FY 2020-21 up to Rs. 400 crore | 29.12% | 17.472% |
| Having total turnover / gross receipt in FY 2020-21 exceeding Rs. 400 crore | 34.944% | 17.472% |



Direct Tax Proposals

SIGNIFICANT TAX ANNOUNCEMENTS – Business Entities

- **Clarification regarding treatment of cess and surcharge –** Explanation inserted retrospectively (w.e.f. AY 2005-06 onwards) that tax includes surcharge or cess and as such, 'health and education cess' shall be disallowed under section 40(a)(ii) of the Act.
- **Clarification in respect of disallowance under section 14A –** Clarified that the disallowance under section 14A shall be applicable even if no exempt income is earned during the financial year. Further, the section is amended to provide that no deduction shall be allowed in relation to exempt income, notwithstanding anything to the contrary contained in this Act. The amendment shall be applicable from AY 2022-23 onwards.
- **Clarification regarding deduction of interest on actual payment –** Clarified that conversion of interest payable, under section 43B, into debenture or any other instrument by which liability to pay is deferred to a future date, shall not be deemed to be actual payment for the purpose of claiming deduction under the said section.
- **Clarification on allowability of expenditure under section 37 –** Explanation inserted to clarify that scope of disallowance for 'expenditure incurred for any purpose which is an offence or which is prohibited by law' includes –
 - (a) for any purpose which is an offence under, or which is prohibited by, any law for the time being in force, in India or outside India; or
 - (b) to provide any benefit or perquisite, in whatever form, to a person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation or guidelines, as the case may be, for the time being in force, governing the conduct of such person; or
 - (c) to compound an offence under any law for the time being in force, in India or outside India.The amendment shall be applicable from AY 2022-23 onwards.



Direct Tax Proposals

SIGNIFICANT TAX ANNOUNCEMENTS – Business Entities

- **Extension of last date for commencement of manufacturing or production under section 115BAB** - It is proposed to amend section 115BAB so as to extend the date of commencement of manufacturing or production of an article or thing, from 31 March 2023 to 31 March 2024.
- **Extension of date of incorporation for eligible start up for exemption** - It is proposed to amend the provisions of section 80-IAC of the Act to extend the period of incorporation of eligible start-ups from 31 March 2022 to 31 March 2023.
- **Rationalization of provisions of section 206AB and section 206CCA to widen and deepen tax base** – The requirement of higher TDS / TCS shall be applicable in case of non-filing of tax return by the payee for preceding 1 year instead of 2 years as earlier provided. Further, deduction of tax under section 194-IA, 194-IB and 194M excluded from the operation of section 206AB of the Act.
- **Amendment related to successor entity subsequent to business reorganization –**
 - To clarify that proceedings in case of predecessor entity which ceases to exist pursuant to business reorganization are valid, section 170 proposed to be amended to provide that such proceedings pending or completed on the predecessor shall be deemed to have been made on the successor entity.
 - In order to enable the successor entity to give effect to business reorganization, it is proposed to insert section 170A allowing the successor entity to file a modified return within 6 months from the end of the month in which the order of competent authority is issued.
 - It is proposed to insert section 156A to give effect to the orders of the competent authority to modify the income-tax demand as directed by such authority.



Direct Tax Proposals

SIGNIFICANT TAX ANNOUNCEMENTS – Business Entities

- **Withdrawal of concessional rate of taxation on dividend income under section 115BBD** – The provisions of section 115BBD relating to concessional rate of 15% for dividend from specified foreign company shall not be applicable from AY 2023-24.
- **Cash credits under section 68 of the Act** - It is proposed to amend the provisions of section 68 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.
- **Widening the scope of reporting under section 285B** – The scope of section 285B proposed to be widened to include persons engaged in event management, documentary production, production of programs for telecasting on television or OTT platforms or any other similar platform, sports event management, other performing arts or any other notified activity.
- **TDS on benefit or perquisite of a business or profession**
 - It is proposed to insert a new section 194R to the Act to provide that the person responsible for providing to a resident, any benefit or perquisite, arising from carrying out of a business or exercising of a profession by such resident, shall, before providing such benefit or perquisite, deduct tax at the rate of 10% (if value exceeds Rs. 20,000).
 - In a case where the benefit or perquisite, is wholly in kind or partly in cash and partly in kind but such part in cash is not sufficient to meet the liability of TDS, the person responsible for providing such benefit of perquisite shall, before releasing the benefit or perquisite, ensure that tax has been paid in respect of the benefit or perquisite.
 - The provisions of the said section shall not apply to an individual or an HUF, whose total sales, gross receipts or turnover does not exceed Rs. 1 crore in case of business or Rs. 50 lakh in case of profession during the preceding financial year.



Direct Tax Proposals

SIGNIFICANT TAX ANNOUNCEMENTS – Personal Taxation

➤ **Exemption of amount received for medical treatment and on account of death due to COVID-19** – To give effect to press statement dated 25 June 2021 released by the Finance Ministry, the following amendments are proposed –

- Section 17(2) – Any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family in respect of any illness relating to COVID-19 subject to such conditions, shall not be forming part of “perquisite”.
- Section 56(2)(x) – (a) Any sum of money received by an individual, from any person, in respect of any expenditure actually incurred by him on his medical treatment or treatment of any member of his family, in respect of any illness related to COVID-19 subject to such conditions, shall not be the income of such person (b) any sum of money received by a member of the family of a deceased person,

from the employer of the deceased person (without limit), or from any other person or persons to the extent that such sum or aggregate of such sums does not exceed Rs. 10 lakh, where the cause of death of such person is illness relating to COVID-19 and the payment is, received within 12 months from the date of death of such person, shall not be the income of such person.



Direct Tax Proposals

SIGNIFICANT TAX ANNOUNCEMENTS – General

- **Provisions for filing of updated return** – Proposal to allow filing of updated tax return within 2 years from the end of assessment year on payment of additional tax as under and subject to certain conditions –

- If updated tax return is filed within 1 year – additional tax payable = 25% of (tax + interest)
- If updated tax return is filed after 1 year – additional tax payable = 50% of (tax + interest)

- **Set-off of loss in search cases - Amendment in the provisions of section 79A of the Act** - It is proposed to insert section 79A to provide that, notwithstanding anything contained in the Act, no set-off of brought forward loss or unabsorbed depreciation shall be allowed against any undisclosed income unearthed during the course of search and survey proceedings.

- **Scheme for taxation of virtual digital assets**

Section 115BBH -

- Income from transfer of any virtual digital asset shall be taxable at 30%.
- No deduction (except cost of acquisition) or loss shall be allowed.
- Set-off and carry forward of loss from transfer of virtual digital assets shall not be allowed.

Section 194S (Applicable from 1 July 2022 onwards) -

- Deduction of tax at 1% on payment for transfer of virtual digital asset to a resident subject to the prescribed conditions.

Section 56(2)(x) –

- Receipt of virtual digital asset for nil or inadequate consideration shall be chargeable to tax in the hands of recipient.



Direct Tax Proposals

SIGNIFICANT TAX ANNOUNCEMENTS – General

- **Amendment in Faceless Assessment under section 144B of the Act –**
 - It is proposed that the existing provisions of section 144B of the Act to streamline the process of faceless assessment in order to address various legal and procedural problems being faced in implementation of the said section.
 - Section 144B(9) treating the proceedings to be void on non-compliance of procedure laid down under the said section, proposed to be omitted from date of its inception.
- **Amendment in the provisions of section 179 of the Act -** To make the title of the section uniform with its provisions, it is proposed to amend the title of the section to “Liability of directors of private company” instead of “Liability of directors of private company in liquidation”. Further, it is also proposed to insert the word “fees” in the scope of the expression “tax due” under Explanation to the section.
- **Amendment in provisions of section 263 –** Clarified that revision of transfer pricing assessment order under section 263 shall be within the powers of the Principal Chief Commissioner or the Chief Commissioner or the Principal Commissioner or Commissioner who is assigned the jurisdiction of transfer pricing.
- **Provisions pertaining to bonus stripping and dividend stripping to be made applicable to securities and units –** Provisions of section 94(8) relating to bonus stripping proposed to be amended to include securities as well. Further, definition of units proposed to be amended to include units of business trusts for dividend and bonus stripping.
- **Appeal by revenue where an identical question of law is pending before jurisdictional HC or SC –** Procedure prescribed under section 158AB for deferral of revenue appeal where identical question of law is pending before jurisdictional HC or SC in case of any other assessment year of the assessee or in case of any other assessee.



Direct Tax Proposals

SIGNIFICANT TAX ANNOUNCEMENTS – General

- **Rationalization of provisions of TDS on sale of immovable property** - It is proposed to amend section 194-IA to provide that in case of transfer of an immovable property (other than agricultural land), TDS is to be deducted at the rate of 1% of such sum paid or credited to the resident or the stamp duty value of such property, whichever is higher.
- **Rationalization of the provision of Charitable Trust and Institutions** – Certain provisions applicable to trusts and institutions covered under section 11 and section 12 (referred as second regime) to be made applicable to trusts and institutions covered under section 10(23C) (referred as first regime). Further, various clarifications on taxation in respect of these charitable trusts and institutions proposed.
- **Rationalization of provisions relating to assessment and reassessment**
 - Section 148 proposed to be amended to clarify what constitutes information under Explanation 1 to section 148 and it proposes to include any audit objection, or any information received from a foreign jurisdiction under an agreement or directions contained in a court order, or information received under a scheme notified under section 135A, etc.
 - Further, section 149 proposed to be amended to provide that a notice under section 148 shall be issued up to 10 years from end of the relevant assessment year where the Assessing Officer has in his possession books of account or other documents or evidence which reveal that the income chargeable to tax, represented – (a) in the form of an asset or (b) expenditure in respect of a transaction or in relation to an event or occasion or (c) an entry or entries in the books of accounts.



Indirect Tax Proposals

CGST ACT AMENDMENTS

- Time limit for claiming input tax credit (ITC) under section 16(4) extended to 30th November of the succeeding financial year as against the due date of September's Form GSTR – 3B
- Time limit for issuing credit note under section 34(2), rectification of errors in GSTR 1 and GSTR 3B and section 52(6), extended to 30th November of succeeding financial year as against September earlier.
- Insertion of section 16(2)(ba) restricting availment of ITC as communicated to the taxpayer under section 38.
- Cancellation of registration of composition dealer if the returns not furnished for a FY beyond 3 months from the due date.
- Cancellation of registration in cases other than composition dealer if returns are not furnished for continuous tax period as may be prescribed.
- The due date for filing GSTR 5 by non – resident taxable person has been stated as 13th day of the following month.
- Section 38 of the CGST Act is substituted for prescribing the manner, conditions and restrictions for communication of details of inward supplies and input tax credit.
- Section 41 of the CGST Act is being substituted to do away with the concept of “claim” of ITC on “provisional” basis
- Removal of sections 42, 43 and 43A of the CGST Act in order to do away with two-way communication process in return filing system.
- Section 47 of the CGST Act is being amended to provide levy of late fees for delayed filing of TCS returns.
- Section 49 proposed to be amended to provide restriction for the amount available in electronic credit Ledger (ECL) and the maximum proportion of output tax liability which may be discharged through the ECL.
- Section 49 to allow transfer of amount available in electronic cash ledger of registered person to the electronic cash ledger of distinct person.



Indirect Tax Proposals

CGST ACT AMENDMENTS [CONTINUED]

- Section 54 of the CGST Act proposed to be amended to provide for the situation of refund of balance in electronic cash ledger.
- Insertion of sub clause (ba) in clause (2) in section 54 by providing clarity regarding the relevant date for filing refund claim in relation to supplies made to SEZ/ SEZ (developer).
- The relevant date for claiming refund of tax paid on inward supply under section 55 has been clarified as two years from the last day of the quarter in which the said supply is received.

CUSTOMS ACT AMENDMENTS

- Inclusion of officer of Directorate of Revenue Intelligence, Audit and Preventive formation in the class of officers for the purpose of section 3 (i.e. definition of officer)
- Section 14 is being amended to include provisions for rules enabling the Board to specify the additional obligations of the importer in respect of a class of imported goods whose value is not being declared correctly, the criteria of selection of such goods, and the checks in respect of such goods.
- Applicant can withdraw his application in respect of advance ruling at any time before pronouncement of advance ruling. Also, Advance ruling shall remain valid for three years or till there is change in law or facts, whichever is earlier.
- Publishing of import and export data submitted by importer to Customs is declared an offence unless required under law.
- Procedural changes are made in Customs (Import of goods at concessional rate of duty) Rules, 2017.



Indirect Tax Proposals

CHANGES IN CUSTOMS DUTY RATE AND EXEMPTIONS

- BCD rate on imitation jewellery has been amended to 20% or Rs 400/kg whichever is higher.
- Decrease in BCD on cut and polished diamond and cut and polished natural stones from 7.5% to 5%
- Increase in BCD on electrical and electronic items
- Increase in BCD rate on Solar Cells (other than those exclusively used with ITA-1 items) and Solar Modules (other than those exclusively used with ITA-1 items)
- Decrease in BCD rate for textile products
- Decrease in BCD rate for ferrous waste and scrap
- Effective BCD rate on Project Imports would continue to be 'Nil / 2.5% / 5% (as applicable) 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
- Certain Cesses (AIDC, Health Cess and RIC) are being exempted for specified notifications
- Nil BCD on scrap of iron and steel is being extended up to 31 March 2023
- The Customs duty rate structure on capital goods and project imports has been comprehensively reviewed and exemption on capital goods/ project imports are being phased out in a gradual manner. However, certain exemptions on capital goods would continue
- A new entry at S. No. 166A would be inserted w.e.f. 1st April 2024 providing concessional rate of 5% for bulk drugs falling under Chapters 28, 29 or 30 used in the manufacture of Poliomyelitis Vaccine or Monocomponent insulins subject to importer following IGCR Rules 2017
- There have been proposals involving changes in effective basic custom duty rates in respect of Phased Manufacturing Program (PMP) with respect to specific electronic goods.



Indirect Tax Proposals

CHANGES IN ANTI-DUMPING DUTY (ADD)

- ADD is permanently revoked on import of :
 - 1) Straight length bars, rods of alloy steel from China.
 - 2) High Speed Steel of Non-Cobalt Grade from Brazil, China and Germany.
 - 3) Flat rolled product of steel, plated or coated with alloy of Aluminium or Zinc from China, Vietnam and Korea RP.

CHANGES IN COUNTERVAILING DUTY (CVD)

- CVD is permanently revoked on imports of Certain Hot Rolled and Cold Rolled Stainless Steel Flat Products from China.

CHANGES IN EXCISE DUTY

- Two new tariff items viz. 2710 12 43 and 2710 12 44, falling under Chapter 27, have been inserted in the Fourth Schedule to the Central Excise Act, 1944 with rate of duty as 14% plus Rs 15 per litre.

CHANGES IN NATIONAL CALAMITY CONTINGENT DUTY (NCCD)

- The Seventh Schedule of the Finance Act, 2001, is being amended by substituting Central Excise tariff item 2709 20 00 with 2709 00 10 [Petroleum Crude] with rate of duty as Rs. 50 per tonne.



Other Aspects – Policy Initiatives

➤ PM GatiShakti National Master Plan

The scope of PM GatiShakti National Master Plan will encompass the different modes of transport, seamless multimodal connectivity and logistics efficiency. It will also include the infrastructure developed by the state governments as per the GatiShakti Master Plan. The focus will be on planning, financing including through innovative ways, use of technology, and speedier implementation. The touchstone of the Master Plan will be world-class modern infrastructure and logistics synergy among different modes of movement – both of people and goods – and location of projects. This will help raise productivity, and accelerate economic growth and development.

➤ Clean & Sustainable Mobility

Promote a shift to use of public transport in urban areas. This will be complemented by clean tech and governance solutions, special mobility zones with zero fossil-fuel policy, and EV vehicles.

➤ MSME

Emergency Credit Line Guarantee Scheme (ECLGS) has provided much-needed additional credit to more than 130 lakh MSMEs. The hospitality and related services, especially those by micro and small enterprises, are yet to regain their pre-pandemic level of business. Considering these aspects, the ECLGS will be extended up to March 2023 and its guarantee cover will be expanded by Rs. 50,000 crore to total cover of Rs.5 lakh crore, with the additional amount being earmarked exclusively for the hospitality and related enterprises. Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) scheme will be revamped with required infusion of funds. This will facilitate additional credit of Rs. 2 lakh crore for Micro and Small Enterprises and expand employment opportunities.

➤ Amendments to Insolvency and Bankruptcy Code

It is proposed to carry out necessary amendments in the Insolvency and Bankruptcy Code to enhance the efficacy of the resolution process and facilitate cross border insolvency resolution.

Other Proposals – Page 1 of 4



Introduction



Direct Tax



Indirect Tax



Other Proposals



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Other Aspects – Policy Initiatives

➤ Productivity Enhancement & Investment

A single window portal, PARIVESH, for all green clearances was launched in 2018. It has been instrumental in reducing the time required for approvals significantly. The scope of this portal will now be expanded, to provide information to the applicants. Based on location of units, information about specific approvals will be provided. It will enable application for all four approvals through a single form and tracking of the process through Centralized Processing Centre-Green (CPC-Green).

A high-level committee of reputed urban planners, urban economists and institutions will be formed to make recommendations on urban sector policies, capacity building, planning, implementation and governance.

➤ Land Records Management

The adoption or linkage with National Generic Document Registration System with the 'One-Nation One-Registration Software' will be promoted as an option for uniform process for registration and 'anywhere registration' of deeds & documents.

➤ Accelerated Corporate Exit

Several IT-based systems have been established for accelerated registration of new companies. Now 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.

➤ 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.

Other Proposals – Page 2 of 4



Introduction



Direct Tax



Indirect Tax



Other Proposals



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Other Aspects – Policy Initiatives

➤ Circular Economy

The Circular Economy transition is expected to help in productivity enhancement as well as creating large opportunities for new businesses and jobs. The action plans for ten sectors such as electronic waste, end-of-life vehicles, used oil waste, and toxic & hazardous industrial waste are ready. The focus now will be on addressing important cross cutting issues of infrastructure, reverse logistics, technology upgradation and integration with informal sector.

➤ Public Capital Investment

The outlay for capital expenditure in the Union Budget is being stepped up sharply by 35.4 per cent from Rs. 5.54 lakh crore in the current year to Rs. 7.50 lakh crore in 2022-23. This outlay in 2022-23 will be 2.9 per cent of GDP.

➤ Solar Power

To facilitate domestic manufacturing for the ambitious goal of 280 GW of installed solar capacity by 2030, an additional allocation of ` 19,500 crore for Production Linked Incentive for manufacture of high efficiency modules, with priority to fully integrated manufacturing units from polysilicon to solar PV modules, will be made.

➤ Venture Capital and Private Equity Investment

Venture Capital and Private Equity invested more than Rs.5.5 lakh crore last year facilitating one of the largest start-up and growth ecosystem. Scaling up this investment requires a holistic examination of regulatory and other frictions. An expert committee will be set up to examine and suggest appropriate measures.



Other Aspects – Policy Initiatives

➤ Financial Assistance to States for Capital Investment

The Central Government is committed to bolstering the hands of the states in enhancing their capital investment towards creating productive assets and generating remunerative employment. Towards the 'Scheme for Financial Assistance to States for Capital Investment', an allocation of Rs. 1 lakh crore (as against Rs.15,000 crores for FY 2021-22) to assist the states in catalysing overall investments in the economy. These fifty-year interest free loans are over and above the normal borrowings allowed to the states.

In 2022-23, in accordance with the recommendations of the 15th Finance Commission, the states will be allowed a fiscal deficit of 4 per cent of GSDP of which 0.5 per cent will be tied to power sector reforms.

➤ Tax incentives to IFSC

The income of a non-resident from offshore derivative instruments, or over the counter derivatives issued by an offshore banking unit, income from royalty and interest on account of lease of ship and income received from portfolio management services in IFSC shall be exempt from tax, subject to specified conditions.

➤ Proposal to replace SEZ regulations

It is proposed replace the Special Economic Zones Act with a new legislation that will enable the states to become partners in 'Development of Enterprise and Service Hubs' to optimally utilise available infrastructure and enhance competitiveness of exports.



Contact Us

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1 February 2022

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Introduction



Direct Tax



Indirect Tax



Other Proposals



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