GOPAL CHOPRA & ASSOCIATES
CHARTERED ACCOUNTANTS
www.gca-associates.com

UNION BUDGET 2021-22

1ST FEBRUARY 2021

34, Babar Lane, Bengali Market, New Delhi – 110 001
Tel:+91-11-23350585, +91-11-23350137
in.linkedin.com/company/gopal-chopra-&-associates

INDEX

FOREWORD

The Coronavirus pandemic has significantly decelerated the economic activity in India along with the loss of human lives.

The economy had already started slowing down before the pandemic and India's growth rate was 5.3% in 2020 which was the lowest in 11 years. This was followed by a deep contraction in the economy projected to go down by 7.7% in the current financial year ending 31stMarch, 2021 composed of a sharp 15.7% decline in the first half and a modest 0.1% fall in the second half. However, a resilient V-shaped recovery is underway as per IMF. The estimates of real GDP growth of 11.5% in 2021-22 and 6.8% in 2022-23 making India the fastest growing economy in the next two years.

India's Services sector witnessed a significant set-back during the COVID-19 pandemic mandated lockdown, owing to its contact-intensive nature. The sector contracted by nearly 16% during the first half of the financial year 2020-21. 'Aatmanirbhar Bharat Abhiyan' with a stimulus package worth 15 % of India's GDP was announced for firming up the Industrial Activity. COVID-19 pandemic led to a sharp decline in global trade, lower commodity prices and tighter external financing conditions resulting in a current account surplus during the current financial year after a gap of 17 years. The foreign exchange reserves rose to an all-time high of US$ 586.1 billion as of January 8, 2021. The overall inflation is expected to be moderate.

The pandemic has bought in bigger challenges that would require structural incentives to various sectors to boost the economy while at the same time balancing inflation without raising the fiscal deficit significantly. The Budget along with earlier incentives introduced would require a huge amount of public investment, and an innovative fiscal policy to support growth especially of vulnerable sectors. It would have to be growth-oriented to arrest the fiscal slippage caused by incentives introduced to counter the pandemic.

Post-pandemic, a lot of expectations are set for it, especially by MSME's, and entrepreneurial businesses who have been facing a lot of challenges in running their enterprises since the pandemic. The Finance Minister, Ms. Nirmala Sitharaman had promised a "never before" like Union Budget. There is a need to ensure the ease of business procedures at all levels by providing loans at low-interest rates. Further significant expenditure would be required in the health sector along with capital investments to create jobs.

The Hon'ble Finance Minister Mrs. Nirmala Sitharaman presented her Third Budget in this backdrop

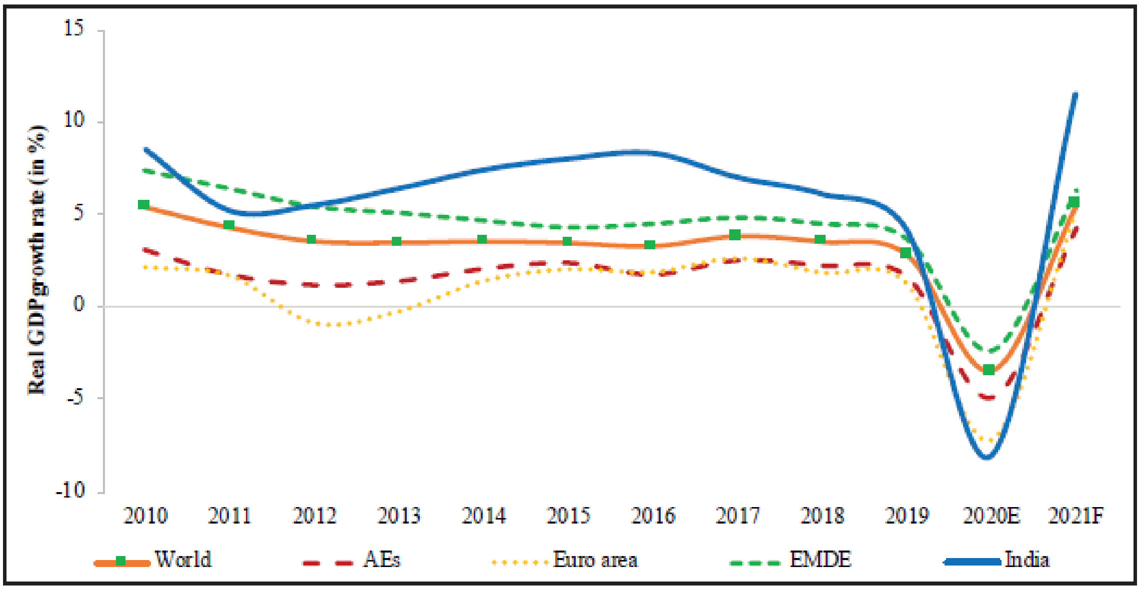
ECONOMIC INDICATORS

GDP Growth Rate

The Indian Economy is expected to a growth of 11.5 per cent in the Financial Year 2021.

The Indian Economy in Quarter 1(April – June20) of the current fiscal, contracted by 23.9 % on the account of the impact of the coronavirus pandemic. However, GDP growth was contracted by 7.5 % in Quarter 2 (July – September 20) of FY 2020.

With the significant progress in vaccines and economic activities, the GDP graph is witnessing a V-shaped recovery path following a reduction in the contraction by 1- 2% for the quarter 3 (October – December 20)



Source: IMF
Note: E is Estimate, F is Forecast

Government Expenditure

Total Government Expenditure for FY 2020-21 stood at 30.42 lakh crores.

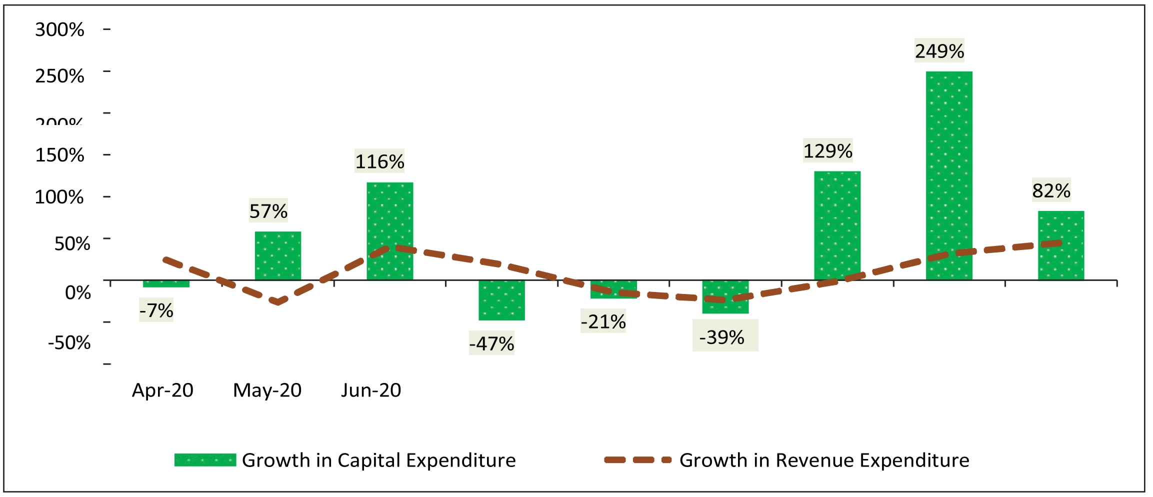
There has been a sharp contraction in the revenue receipts on account of interruption in the economic activity. The Government Budget allocation for the FY 2020-21 was revised to carter the need of the situation and borrowings of Central Government were increased to 12 crores.

The capital expenditure for April to December 2020 was 24% higher on YOY basis mostly in the vulnerable sectors of the Country.

Although there has been a highest recovery in GST collection on crossing the 1 lakh crore mark in December 2020, still the Government is expected to register a fiscal slippage.

The fiscal deficit of Central Government in the end of November stood at 135% of BE as compared to 114.8% in FY 19-20

Growth (YoY) in monthly Expenditure during FY 2020-21

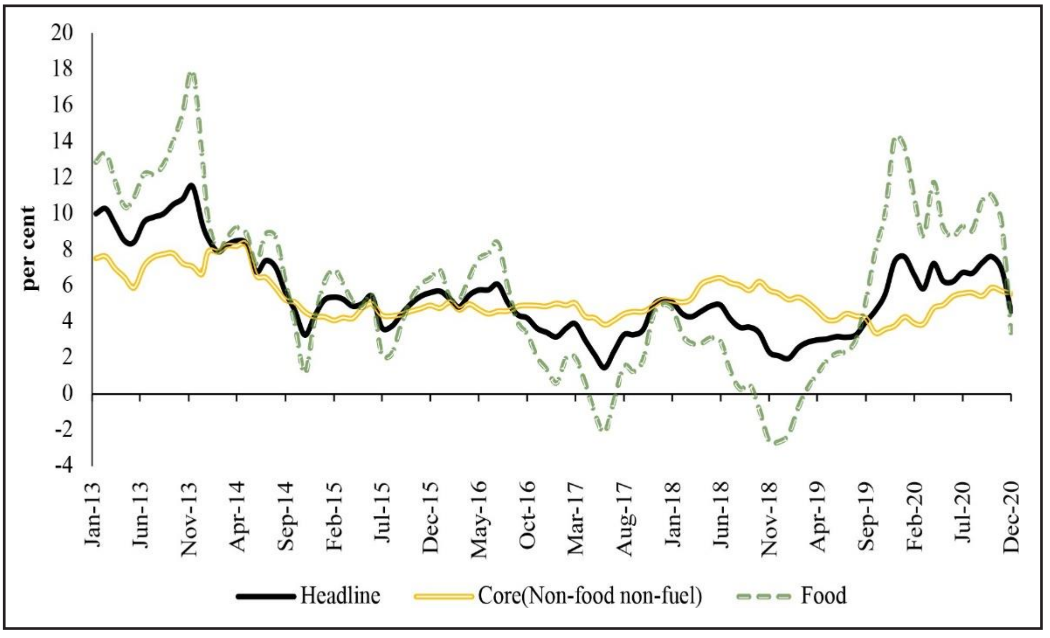


Consumer Price Index (CPI)

Due to Unprecedented COVID-19, the supply chain disruptions have caused a spike in food inflation contributing to an overall rising trend since 2019 as visible in the figure below.

The Headline inflation-based CPI- Combined showed a downward trend till 2018. The average-C inflation fell to 4.8% in 2019-20. However, it increased to 6.6% in 2020-21 (April- Dec 20). Food Inflation has raised from 6.7% in 2019-20 to 9.1 % in 2020-21. Owning to rises in vegetable prices in the lockdown implemented.

Trends in CPI-C Headline, Core and Food inflation Source: NSO



DIRECT TAX

With a view to achieving a transparent, efficient and accountable Income Tax system of the country, following amendments were proposed by our Finance Minister in the Budget 2021-22

1. Relaxation to senior citizens from filing return of income-tax

Section 139(1) of the Act provides for filing of return of income chargeable to tax by every Individual. However, senior citizens (75 year or above) having pension income and interest income only in a specified bank would not be required to file income tax return during the previous year provided:

(i) They furnish a declaration to the specified bank.
Once the declaration is furnished, the specified bank would be required to compute the income of such senior citizen after giving effect to the deduction allowable under Chapter VI-A and rebate allowable under section 87A of the Act, for the relevant assessment year and deduct income tax on the basis of rates in force.

2. The Extension of date of sanction of loan for affordable residential house property

The deduction under section 80EEA of the Act on interest up to Rs. 1,50,000 on loan taken for a residential house property from any financial institution is proposed to extend the outer date for sanction of loan from 31st March 2021 to 31st March 2022.

3. Extension of date of incorporation for eligible start up for exemption and for investment in eligible start-up

The deduction provided under section 80-IAC of the Act, upto100% of the profits and gains derived from an eligible business of an eligible start-up. The incorporation of proposed eligible start up is now extended 1st April, 2022

Further, the deductions allowed under the section 54GB of the Act, for exemption of capital gain arising from the transfer of a long-term capital asset, being a residential property (a house or a plot of land), owned by the eligible assessee proposes to extend the date of transfer of residential property from 31st March 2021 to 31st March 2022

4. Increase in threshold limit for Tax Audit

The mandatory compliance of Tax Audit having threshold limit of Rs 5 crore is proposed to be increased to Rs 10 crore in cases where the aggregate of all receipts or payments in cash during the previous year does not exceed five per cent of such receipt or payment.

5. ***Exemption of deduction of tax at source on payment of Dividend to business trust in whose hand dividend is exempt***

It is proposed that there shall be no tax deducted at source on payment of dividend credited or paid to a business trust.

6. ***Exclusion of dividend for Advance tax instalment***

The proviso to section 234C of the Act, is proposed to include dividend other than deemed dividend under section 2(22) of the Act in the exclusion and no interest under section 234C shall be charged provided the assessee has paid full tax in subsequent advance tax instalments.

7. ***Dispute Resolution Committee (DRC) for small and medium taxpayers***

The new faceless DRC scheme has been introduced for small and medium taxpayers **having returned income not exceeding Rs. 50,00,000** and the aggregate amount of proposed variation in specified order does not exceed Rs. 10,00,000.

Assessee would not be eligible for benefit of this provision if there is detention, prosecution or conviction under various laws as specified in the proposed section.

8. ***Reducing time limit for reopening of Income Tax assessment***

In normal cases, no notice shall be issued if three years have elapsed from the end of the relevant assessment year.

However, in specific cases where assessing officer has evidence of concealment of income more than Rs. 50 lacs per year, notice can be issued beyond the period of three years but not beyond the period of ten years from the end of relevant assessment year.

9. ***Faceless Proceedings before the Income-Tax Appellate Tribunal (ITAT)***

Central Government is proposed to notify a faceless scheme for ITAT proceedings on the same lines as faceless appeals scheme. This is proposed by inserting a new sub-section in the section 255 of the act so as to optimising utilisation of resources through economies of scale and functional specialisation. Thereby introducing appellate system with dynamic jurisdiction.

10. ***Disallowance w.r.t. Employer's Contribution in funds***

Late deposit of employee contribution by the employers will be considered as income in the hands of the employer if the same is not credited to the account of the employee in the relevant fund or funds on or before the due date. be allowed as deduction to the respective employers.
This has been done by amending section 36(1) (5) (a) of the Act by inserting an explanation to the said clause to clarify that provisions of section 43B does not

apply for determining the due date. Further also amending section 43B of the act by inserting explanation no. 5 to clarify that the provision of the said section does not apply to a sum received by an assessee from any of his employees to which provisions of section 2(24)(x) apply.

11. ***Capital Gain on transfer of Capital Asset to a partner on dissolution or reconstruction.***

Profits or gains arising from the receipt of money or other asset by a partner of a firm/member of AOP/BOI at the time of its dissolution or reconstitution shall be chargeable to income-tax as income of firm/AOP/BOI under the head 'capital gains'.

For the purposes of section 48 of the Act:

- value of the money or the fair market value of other asset on the date of such receipt shall be deemed to be the full value of the consideration received or accruing as a result of the transfer of the capital asset; and
- the balance in the capital account of the specified person in the books of accounts of the specified entity at the time of its dissolution or reconstitution shall be deemed to be the cost of acquisition.

12. ***Tax Deduction at Source (TDS) on purchase of goods***

A TDS of 0.1 per cent (5% in the absence of PAN) is introduced on a person (whose total sales, gross receipts or turnover from the business exceed INR10 crore rupees during the relevant year) responsible for paying any sum to any resident for purchase of goods of value exceeding INR50 lakh rupees in the previous year. This TDS is not applicable if a transaction is India and subject to other TDS or TCS [except TCS on sale of goods] provisions

13. ***Taxation of Income from notified Retirement fund***

Income accrued to a resident individual from overseas retirement benefit account (where income from such account is not taxable on accrual basis but taxable at the time of withdrawal or redemption) opened by such individual while being a non-resident in India, shall be taxed in the manner and in the year as prescribed.

14. ***Taxation on High premium unit linked insurance policy (ULIP)***

It is proposed to levy capital gain tax on maturity proceeds on ULIP on or after 1st February 2021, if the aggregate annual premium exceeds INR 250,000 in any of the financial year during the term of any of policy.

15. ***Relaxation for Sovereign Wealth Fund (SWFs) and Pension Funds***

• Investment through domestic Holding Company to be permitted subject to 75% of investment in infrastructure Company.
• Investment in NBFC – Infrastructure Debt Fund (IDF) / Infrastructure Finance Company (IFC) allowed – NBFC - IDF / IFC to have minimum 90% lending to infra entity(s)

• AIF can invest up to 50% in non-eligible investments – SWF / PF may invest in Category I and II AIF having 50% investment in eligible infra company – Allow Category I and II AIF to invest in InvIT
• However, exemption will be proportionate in above cases
• Loan or borrowings cannot be for making investment in India.
• 'Cannot undertake commercial activity' condition removed.
• Can appoint Executive Director/Director to monitor investments though cannot participate in day-to-day operations.

16. ***Reduction of time limit for completion of assessment***

The time limit to complete the assessment, reassessment and re-computation under section 153 of the act is proposed to be nine months from the end of the assessment year in which the income was first assessable, for the assessment year 2021-22 and following years.

Accordingly, under section 143(2) of the Act, the time limit for issue of notice on processing of return of income under section 139 of the Act is proposed to three months from the end of the financial year in which the return is furnished.

17. ***Equalisation levy (EL)***

EL Is already levied at rate of 2%. However, the budget makes the following proposals:

• To clarify that tax on Royalty/FTS and Equalisation levy (EL) are mutually exclusive. EL shall not apply if consideration is taxable as Royalty/FTS
• Scope of online sale of goods/ online provision of services would include instances where one or more of the following activities are carried out online:
– Acceptance of offer for sale; or
– Placing or acceptance of purchase order; or
– Payment of consideration; or
– Supply of goods or provision of services, partly or wholly
• 'Consideration' for the purpose of levy of EL clarified to include value of goods or services, regardless of ownership or facilitation by e-commerce operator

18. ***Rationalisation of provisions of Minimum Alternative Tax (MAT)***

The taxpayer may make an application to the AO for recomputation of book profits of earlier year/s, if there is an increase in the book-profits of a previous year as a result of an APA or a secondary adjustment.

Miscellaneous

1. A reduction in time limit for filing of belated/revised returns has been revised by 3 months before the relevant assessment year or before the completion of the Assessment whichever is earlier.

2. Interest accrued on Employee's Contribution in excess of Rs 2,50,000 per annum to specified Provident Fund is now made taxable.

3. Higher TDS rates be imposed for non-filers of tax returns for two consecutive years which are immediately before the previous year in which tax is required to be deducted. Further the time limit for filing the return has expired for both these assessment years. (TDS on salary income and other specified sections are excluded)
   Similarly, it is proposed to provide higher rate of TCS for non-filers of returns. The proposed rates are:
   - Twice the rates in force/ rate specified under act or
   - 5% whichever is higher.

   In case the payee does not have a PAN, the above rates or rates under section 206AA shall be applicable.

   The proposed TCS rate in this section is higher of the following rates: -
   - Twice the rate specified in the relevant provision of the Act; or
   - the rate of five percent

   If the provision of section 206CC of the Act is applicable to a specified person, in addition to the provision of this section, the tax shall be collected at higher of the two rates provided in this section and in section 206CC of the Act.

4. Goodwill on Business or profession will not be eligible for depreciation even on purchase of same. It is further proposed to amend section 50 of the Act to provide that in a case where goodwill of a business or profession formed part of a block of asset for the assessment year beginning on the 1st April, 2020 and depreciation has been obtained by the assessee under the Act, the written down value of that block of asset and short-term capital gain, if any, shall be determined in the manner as may be prescribed.

   It is also proposed to provide that in case of goodwill of business or profession acquired by the assessee by way of purchase from a previous owner (either directly or through modes specified under sub-clause (i) to (iv) of sub-section (1) of section 49), then the cost of acquisition will be the purchase price as reduced by the depreciation so obtained by the assessee before the previous year relevant to assessment year commencing on 1st April, 2021

5. It is proposed to clarify that presumptive taxation scheme for professional taxpayer under section 44ADA of the Act, shall not apply to Limited Liability Partnership (LLP) as defined under the LLP Act, 2008.

6. The definition of Small Companies has been proposed to be amended to Companies whose paid up share capital does not exceed Rs.2 crores or whose turnover does not exceed Rs. 20 crores in any financial Year. Further, it is proposed to reduce residency limit for Indian citizen to set up One person company (OPC) from 182 to 120 days, NRI also to be made eligible to set up OPC.

7. Restrictions of paid-up capital on One Person Company (OPC) has been proposed to be removed and NRI to be made eligible for incorporation of an OPC in India.

8. Exemption for LTC Cash Scheme: Legislative amendments have been introducing to give effect to the recently introduced LTC cash scheme.

9. In order to make location of International Financial Service Centre (IFSC) more attractive. It is proposed to provide following additional incentives:
   a) Income earned by the investment division of banking unit in IFSC
   b) Transfer of non-deliverable forward contracts entered by non-residents with an offshore banking unit in IFSC
   c) Royalty income by NRI from aircraft leasing to IFSC unit
   d) Tax neutrality on relocation of funds into IFSC, subject to certain conditions.

10. It is proposed to expand the scope of business reorganization to include conversion of a primary co-operative bank to a banking company and the deductions available under section 44DB of the Act shall also be made applicable in relation to such conversion of primary co-operative bank to the banking company.
    Further it is also proposed that transfer of a capital asset by the primary co-operative bank to the banking company as a result of conversion shall not be treated as transfer under section 47 of the Act. Consequently, the allotment of shares of the converted banking company to the shareholders of the predecessor primary co-operative bank shall not be treated as transfer under the said section of the Act.

11. It is proposed to relax the provisions of sec 2(19AA) and section72A of the Act for public sector companies in order to facilitate strategic disinvestment by the government. The following to constitute demerger: -

    (i) the reconstruction or splitting up of a public sector company into separate companies shall be deemed to be a demerger
    (ii) such splitting up has been made to transfer assets of the demerged company to the resultant company; and the resultant company is a public sector company.

Further it is proposed to amend section 72A (1) of the Act, to include amalgamation of one or more public sector companies with one or more public sector company or companies.

Section 72A (1) (d) shall also apply in case of amalgamation of an erstwhile public sector company with one or more company or companies if certain specified conditions are met.

12. Section 43CA of the Act where the value adopted or assessed or assessable by the authority for the purpose of payment of stamp duty does not exceed one hundred and ten per cent of the consideration received or accruing as a result of the transfer, the consideration so received or accruing as a result of the transfer shall, for the purposes of computing profits and gains from transfer of such asset, be deemed to be the full value of the consideration. Safe harbour threshold is proposed to be increased to 20% under section 43CA of the Act if the following conditions are satisfied: -

    i. The transfer of residential unit takes place during the period from 12th November, 2020 to 30th June, 2021
    ii. The transfer is by way of first-time allotment of the residential unit to any person
    iii. The consideration received or accruing as a result of such transfer does not exceed two crore rupees

13. It is proposed to rationalise the provisions concerning withholding on payments made to FIIs by deducting tax on income of FII from securities, in case of a payee to whom tax treaty is applicable and who has furnished the tax residency certificate, the tax is to be deducted at the rate of twenty per cent or at the tax treaty rate, whichever is lower.

14. It is proposed to constitute a Board of Advance Ruling which shall consist of two members, each being the officer not below the rank of chief commissioner. The advance rulings by the board will be appealable before High Court both by the applicant or the department.

15. A new definition “liable to tax” has been proposed to be inserted which states that there is a liability of tax on such person under the law of any country and will include a case where subsequent to imposition of such tax liability, an exemption has been provided.

16. Some Courts have interpreted that other means of transfer listed in section 2(47) of the Act in relation to definition of the word transfer in relation to capital asset like exchange, relinquishment is excluded. The scope of definition of slump sale expanded to include all types of ‘transfer’ (including exchange) as defined in section 2 (47) of the Act.

17. It is proposed to empower the prescribed income tax authority along with the Assessing Officer to issue notices to non-return filers under section 142(1)(i) of the Act.

18. Income Tax Settlement Commission to be discontinued and an Interim Board to be constituted for pending cases.

19. Vivaad se Vishwas (VsV) scheme not available for cases decided by Income Tax Settlement Commission.

20. The Assessing Officer is proposed to empower to provisionally attach any property of the assessee if he believes an evasion of penalty (in cases of penalty exceeding Rs 2 crores) by the taxpayer during the pendency of the proceedings under section 281B of the Act.

21. It is proposed to refund the excess amount of tax, surcharge or penalty paid in pursuance of Income Declaration Scheme 2016, shall be refundable to the specified class of persons without interest.

22. The budget 21 proposes in case of Charitable Trusts to disallow the application out of corpus and application from loans and borrowings to be application for charitable purposes as per provisions of section 10 (23C) and section 11 of the Act.
    However, they will be considered to have been applied for charitable purposed when:
    i. the amount applied out of corpus is deposited back in specified modes as in sub-section (5) of section 11 maintained specifically for such corpus.

    ii. loan or borrowing is repaid from the income of the previous year, such repayment shall be allowed as application in the previous year in which it is repaid to the extent of such repayment.

23. The Budget proposes to provides for the increase in exemption limit for the income received by any person on behalf of university, educational institution, hospital or institution under section 10 (23C) (iiiad) and (iiiae) to annual receipts not exceeding Rs. 5 crores from present limit of Rs 1 Crore.

INDIRECT TAXES

➢ GST

- The GST Council may do away the filing of GST annual returns of notified class of taxpayers.
- The GST audit has been replaced by a self-certified reconciliation statement for certain notified class of taxpayers.
- The GST provisions has been amended to allow ITC only in cases where suppliers filed the return and details are communicated to the recipient.
- The IGST Act has been proposed to amend to provide that supply of goods or services to SEZ developer/ unit would be considered as zero-rated supply, only where the same is used for authorised operations of SEZ
- The registered person is proposed to be made liable to deposit the refund so received along with interest @ 18 per cent within 30 days after the expiry of nine months on non-realisation of sales proceeds from date of export.
- It is proposed to amend the CGST Act to empower the Commissioner to attach provisionally, any property/ bank account belonging to the taxable person, pertaining to assessments, inspection, search, seizure, arrest, demand and recovery after the initiation of proceedings
- A 25% penalty deposit has been mandated for filing of appeals against detention or seizure order of goods.

➢ CUSTOMS

- The budget 2021 is proposed with a backdrop of supporting the MSME sector and eliminating certain outdated exemptions provided under the Act.

  Proposed the Introduction of 'Common Customs Electronic Portal' for filing of bill of entry, shipping bills and other documents and forms under the Customs Act

- Penalty:

  - Invoices obtained by fraud, collusion, wilful misstatement or suppression of facts to attract penalty of up to five times of value of refund claimed on exports with payment of duty
  -Any goods entered for export for which any wrongful claim of remission or refund of any tax/duty/levy under Customs Act or any other law is made shall be liable for confiscation

- The countervailing/anti-dumping duty shall not apply to 100% Export Oriented Undertaking or unit in Special Economic Zone if certain conditions fulfilled

  The iron and steel import has increased custom duty to support the MSMEs and rationalised various duties on raw material inputs to manmade textiles.

- A new Agricultural Infrastructural Development Cess has been levied on notified goods imported to support the Agricultural infrastructure.

The notified goods for AIDC proposed by the budge t2021 is attached in the annexure herewith

EXCISE

CHANGE IN EFFECTIVE RATE OF BASIC EXCISE DUTY AND SPECIAL ADDITIONAL EXCISE DUTY AND (AIDC) ON PETROL AND DIESEL

		EXISTING				PROPOSED				
S.No.	**ITEM**	**BED**	**SAED**	**RIC**	**TOTAL**	**BED**	**SAED**	**AIDC**	**RIC**	**TOTAL**
1.	Unbranded Petrol	2.98	12	18	32.98	1.4	11	2.5	18	32.90
2.	Branded Petrol	4.16	12	18	34.16	2.6	11	2.5	18	34.10
3.	Unbranded Diesel	4.83	9	18	31.83	1.8	8	4	18	31.80
4.	Branded Diesel	7.93	9	18	34.19	4.2	8	4	18	34.20

IMPOSITION OF AGRICULTURE INFRASTRUCTURE AND DEVELOPMENT CESS (AIDC) ON PETROL AND DIESEL

An Agriculture Infrastructure and Development Cess (AIDC) as an additional duty of excise has been proposed on Petrol and High-speed diesel in the Finance Bill,2021. This cess shall be used to finance the improvement of agriculture infrastructure another development expenditure. The details of the cess are as under

S. No.	Commodity	Rate of AIDC
1.	Petrol	Rs. 2.5 per liter
2.	Diesel	Rs. 4 per liter

*Will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act,1931

Central Sales Tax

Registered dealer is now required to obtain Form C only for interstate purchase of specified petroleum products and alcoholic liquor for human consumption.

TAX RATE CARD

INCOME TAX RATES IN RESPECT OF INCOME LIABLE TO TAX FOR A.Y.2021-22

➢ **Slab Rate**

1. **For Individuals**

There is no change in tax slabs rates for individual taxpayers and are as follows:

For Individuals below age of 60 years AOI & BOI		Individuals aged between 60years and below 80 years		Individuals aged 80 year and above	
Total Income	Rate	Total Income	Rate	Total Income	Rate
Up to 2,50,000	Nil	Up to 3,00,000	Nil	Up to 5,00,000	Nil
2,50,001 to 5,00,000	5%	3,00,001 to 5,00,000	5%	5,00,001 to 10,00,000	20%
5,00,001 to 10,00,000	20%	5,00,001 to 10,00,000	20%	10,00,001 and above	30%
10,00,001 and above	30%	10,00,001 and above	30%	-	-

Option 2

For TaxPayer that has opted taxation u/s 115 BAC of the Act.

Total Income (Rs)	Tax Rates
Up to 2,50,000	NIL
2,50,001 to 5,00,000	5%
5,00,001 to 7,50,000	10%
7,50,001 to 10,00,000	15%
10,00,001 to 12,50,000	20%
12,50,001 to 15,00,000	25%
15,00,001 and above	30%

2. **For Co-operative Societies**

There is no change in Income Tax Rates and is as follows:

Total Income	Tax Rates
Up to INR. 10,000	10%
INR. 10,001 to INR. 20,000	20%
INR. 20,001 and above	30%

However, a resident Cooperative society who has opted taxation under section 115BAD the rate of tax for such societies shall be @ 22% from the AY 21-22.

3. **For Local Authorities**

There is no change in Income Tax Rates and is as follows:
Local Authorities are taxable at the rate of 30%.

4. **For Firms (including LLP)**

There is no change in Income Tax Rates and is as follows:
Firms (including LLP) are taxable at the rate of 30%.

5. **Domestic Companies**

The rates of income tax in case of companies have been specified herein:

Gross Receipts or Total Turnover	Tax Rate
< INR 400 Cr	25%
> INR 400 Cr	30%

Option 2:

The Companies that opted taxation u/s 115BAA and 115BAB of the Act.

	Tax Rate
All Domestic Company	22%
New Domestic Manyfacturing Company	15%

Conditions for opting reduced rate of 15%(section 115BAB)

- Registered on or before 1st October 2019 and started manufacturing on or before 31st March 2023.
- Do not avail any specified exemption or incentive
- Surcharge rate for such Companies u/s 115BAB shall be 17.6% and 10% for companies u/s 115BAA
- The Companies that opt for a reduced rate u/s115BAB and 115BAA of the act are exempt from MAT.

6. **For Foreign Companies**

There is no change in Income Tax Rates and is as follows:
Foreign companies are taxable @ 40%.

In case the total income of the Company consists of
a) Royalties received from Government of India in pursuance to an agreement before 1st April 1976 or
b) fess for rendering technical services received from government in pursuance to an agreement before 1st April 1976 – Such Foreign Companies taxable @ 50%

- **Surcharge**

In case of every **individual or HUF or every association of persons or body of individuals**, whether incorporated or not or every artificial juridical person:

There is no change in Surcharge rates and are as follows:

Total Income	Tax Rate
Exceeding INR 50 lacs but not exceeding 1 Cr.	10% of Income Tax
Exceeding INR 1 Cr upto 2 Cr	15% of Income Tax
Exceeding INR 2 Cr upto 5 Cr	25% of Income Tax
Exceeding INR 5 Cr	37% of Income Tax

- Surcharge on Dividend income and capital gain u/s 111A and 112A will be restricted to 15% only.

In case of **Cooperative Societies**

There is no change in surcharge rates and is as follows:

Total Income	Tax Rate
Exceeds INR 1 Cr	12% of Income Tax

In case of **Domestic company:**

There is no change in surcharge rates and are as follows:

Total Income	Tax Rate
Exceeding INR 1Cr to INR 10 Cr	7% of Income Tax
Exceeding INR 10 Cr	12% of Income Tax

In case of company, **other than a domestic company:**

There is no change in surcharge rates and are as follows:

Total Income	Rates
Exceeding INR 1 Cr to INR 10 Cr	2% of income Tax
Exceeding INR 10 Cr	5% of Income Tax

Surcharge will also be applicable at the appropriate rates for the persons liable to pay tax under section 115JB.`

In other case, the surcharge will be leviable at the rate of 12% of Income Tax.

- **Education Cess**

  Cess at the rate of 4% in the name of "HEALTH AND EDUCATION CESS ON INCOME TAX" shall be leviable on the amount of tax, inclusive of surcharge.

ANNEXURE 1

IMPOSITION OF AGRICULTURE INFRASTRUCTURE AND DEVELOPMENT OF CERTAIN IMPORT ITEMS

S. No	Heading, sub-heading tariff item	Commodity	Basic customs duty	AIDC
1.	0808 10 00	Apples	15%	35%
2.	1511 10 00	Crude Palm Oil	15%	17.5%
3.	1507 10 00	Crude Soya-bean oil	15%	20%
4.	1512 11 10	Crude Sunflower seed oil	15%	20%
5.	0713 10	Peas (Pisum sativum)	10%	40%
6.	0713 20 10	Kabuli Chana	10%	30%
7.	0713 20 20	Bengal Gram (desi Chana)	10%	50%
8.	0713 20 90	Chick Peas (garbanzos)	10%	50%
9.	0713 40 00	Lentils (Masur)	10%	20%
10.	2204	All goods (Wine)	50%	100%
11.	2205	Vermouth and other wine of fresh grapes, flavored	50%	100%
12.	2206	Other fermented beverages for example, Cider, Perry, Mead, sake, mixture of fermented beverages or fermented beverages and nonalcoholic beverages	50%	100%
13.	2208	All goods (Brandy, Bourbon whiskey, Scotch etc.)	50%	100%
14.	2701	Various types of coal	1%	1.5%
15.	2702	Lignite, whether or not agglomerated	1%	1.5%

16.	2703	Peat, whether or not agglomerated	1%	1.5%
17.	3102 10 00	Urea	Nil	5%
18.	3102 30 00	Ammonium nitrate	2.5%	5%
19.	31	Muriate of potash, for useas manure or for the production of Textiles	Nil	5%
20.	3105 30 00	Diammonium phosphate, for use as manure or for the production of complex fertilizers	Nil	5%
21.	5201	Cotton (not carded or combed)	5%	5%
22.	7106	Silver (including imports by eligible passengers)	7.5%	2.5%
23.	7106	Silver Dore	6.1%	2.5%
24.	7108	Gold (including imports by eligible passengers)	7.5%	2.5%
25.	7108	Gold Dore	6.9%	2.5%

Gopal Chopra & Associates
Chartered Accountants
www.gca-associates.com

34, Babar Lane, Bengali Market, New Delhi-110001, India

Tel.: +91-11-23350145, +91-11-41526668

E-mail: info@gca-associates.com

First published and distributed in Feb 2021.